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FINANCIAL TIMES

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D 8523 B

IMF gives Brazil
some space
to breathe, Page 8

World news

Business summary

Zimbabwe confiscates Nkomo's passport

Zimbabwe's opposition leader, Joshua Nkomo, has had his passport confiscated by police, the latest in a series of moves which appear to be leading to legal proceedings against his Zanu party and its eventual banning.

Prime Minister Robert Mugabe also delivered what he called his "final warning" to Zanu. He accused the party's leaders of responsibility for "armed banditry" in Zanu's stronghold of Matabeleland.

At further two Zanu MPs have been arrested, one of them is Nkomo's brother. Page 2

Beirut hostages

Shia Muslim gunmen demanding the release of kidnapped Moslems held about 40 Christian airline passengers hostage in Beirut for three and a half hours.

Expulsion challenged

Israel's High Court temporarily forbade the expulsion of an alleged Palestinian guerrilla leader and gave the Defence Ministry three days to explain its deportation decision. Page 2

Union Carbide leak

More than 100 people were injured when toxic fumes from a Union Carbide pesticide plant in Institute, West Virginia, leaked into the atmosphere.

Sri Lanka alert

Security forces went on alert in Sri Lanka following fresh ethnic clashes as peace talks were set to resume today.

Tourists killed

Two Italian tourists were killed and 10 injured when a car plunged into a group of passengers waiting for their coach to be repaired.

Chile protest plan

Opponents of Chile's military Government, bolstered by the response to protest calls last week, are planning regular demonstrations to demand a return to democracy.

Summit lobby

Moscow wants Western Europe to act as a bridge with Washington in the run-up to November's summit in Geneva between President Reagan and Soviet leader Mikhail Gorbachev. Page 2

New Caledonia Bill

The French National Assembly will go into special session today following a decision by President Francois Mitterrand to recall deputies to re-examine the Government's Bill for the future of New Caledonia. Page 2

'Libya plot' foiled

Police in Alexandria arrested four Egyptians allegedly paid by Libya to kill a Libyan political refugee.

Kuwaiti crackdown

Kuwait plans next month to start recording the fingerprints of all nationals and residents born before January 1, 1970, as part of a security crackdown.

Bride No. 89

A wealthy landowner from India's eastern state of Orissa carried his 80th bride over the threshold. Udaynath Dakshinray, 61, said he pledged himself to polygamy when his first wife left him two weeks after their marriage.

Record high jump

Soviet high jumper Rudolf Povornitsin set a world record of 2.40 metres in Donetsk, beating the previous best by 1cm.

Joust a bit of fun

An English jousting team beat France in the first international jousting tournament to be staged since 1250 after four days of tournament in Kent.

Australia warned by OECD on economy

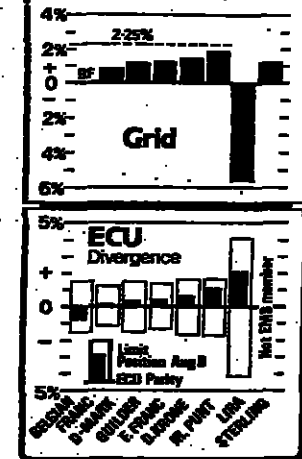
AUSTRALIA must make efforts to maintain wage restraint to guard against a potential surge in inflation during the next 18 months that would damage its so far impressive recovery from recession, according to the Organisation for Economic Co-operation and Development. Page 10

INDIA has abolished minimum export prices for tea. Production is at record levels and world prices are falling. Page 2

U.S. trade representative Clayton Kopp arrived in Tokyo for talks about curbing Japan's growing trade surplus with the U.S.

EUROPEAN Monetary System: Most currencies were a little weaker last week with trading confined

EMS AUG. 9, 1985



to a narrow range. Attention remained focused on the U.S. dollar as the market awaited further economic data to assess any new dollar trend. There was little change in the D-Mark's value against the dollar although the latter finished a little stronger against other EMS currencies. The Belgian franc remained the weakest member but showed some signs of stability following recent central bank intervention and higher domestic interest rates.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the common currency to the system, defines the cross rates from which no currency (except the lira) may move more than 2% per cent. The lower chart gives each currency's divergence from the common currency against the European Currency Unit (ECU), itself a basket of European currencies. Page 2

SEVERAL leading UK motor insurance companies are making substantial increases in premiums. Feature, Page 15

LAND ROVER sales, in decline since 1980, were up 14.5 per cent at 11,016 in the first half of 1985, and Range Rover sales were 36 per cent higher at 5,262. Page 4

AT&T, the U.S. telecommunications group, has confirmed that a further 1,000 workers at its Meritt business phones plant in Louisiana will lose their jobs over the next two weeks. Page 10

UNITED BRANDS, the leading U.S. fruit, vegetable and meat packaging company, virtually doubled its net income in the first quarter of its fiscal year to \$20.2m against \$11.1m previously.

MONTEDISON, the Italian chemical group, entered a new phase in the corporate battle for BI-Invest financial and property company, when it emerged that BI-Invest had gone to a Milan court seeking to block Montedison. Page 11

SHELL International has proposed to Malaysia that it should build a ringgit 2bn (\$833m) plant in Sarawak to convert liquid natural gas into such distillates as transport fuels and kerosene. Page 2

SOUTH AFRICAN EAGLE, the short-term insurance company, suffered a drop to R137,000 (\$61,000) in first-half underwriting profit against R187m in the corresponding 1984 period. Page 14

SWISS exports of watches and movements was up 15.5 per cent at SwFr 2,069m (\$86m) in the first half of 1985. Page 2

Nicholas Colchester talks to the head of South Africa's Anglo American Corporation

Pretoria urged to move towards unity

A SOUTH AFRICAN Government should create one citizenship for all races in the country, says Mr Gavin Rely, chairman of Anglo American Corporation, the flagship of the South African mining industry.

Mr Rely - who succeeded Mr Harry Oppenheimer when he retired in 1983 - also urged the Government to free Mr Nelson Mandela, the jailed leader of the African National Congress (ANC), scrap influx controls that check the movement of black people around the country, and demonstrate its commitment to talks involving all races on the future political shape of the country.

Mr Rely said on Friday that President P. W. Botha might tackle the question of influx control - South Africa's pass laws - in an important speech he is due to make to the Natal Congress on August 15. He said removal of the controls was vital for the emergence of the free enterprise society - with all its economic and political implications of individual free choice - which South Africa needed in the future.

Mr Rely said: "The first fundamental need in South Africa is for the white man to do what he has not done for the last 40 years - create circumstances such that when he talks about the future of

the country it seems credible to black people." That meant citizenship as a birthright because, without it, government could not provide leadership to black people.

"The Government must seek solutions which are not merely concessions because whites have got scared, or because whites have suddenly decided to make them. This is fundamental, because South Africa has been ruled by dictators since 1948. In principle, the president has already committed himself to a debate. He now has to demonstrate this commitment."

Mr Rely said if the Government

proposed a negotiating forum that was "real, with teeth and prospects," a black leadership would emerge and express itself, perhaps including the right Reverend Desmond Tutu, Bishop of Johannesburg, Chief Gatsha Buthelesi, the Zulu leader, and Mr Nelson Mandela - although he questioned whether Mr Mandela would discover a constituency if he was released.

He envisaged a federal system in which everyone had the vote within these different constituencies - some white, some black, and some already integrated - but not directly for the central authority.

one-man, one-vote in a unitary state, the forum would not go far.

Mr Rely said such a voting system would probably not be acceptable to most blacks because of the number of different groups that make up South African society - whites, coloureds, urban blacks, Zulus, homelands that have achieved a degree of viability, and places like Natal, where racial integration is already relatively far advanced.

He envisaged a federal system in which everyone had the vote within these different constituencies - some white, some black, and some already integrated - but not directly for the central authority.

S. Africa poised for reform of apartheid as U.S. pressure mounts

BY REGINALD DALE IN WASHINGTON AND JIM JONES IN JOHANNESBURG

SOUTH AFRICA is expected to announce major reforms to its apartheid policy on Thursday following mounting Western pressure led by the U.S. which has warned that President Reagan will otherwise be unable to prevent Congress imposing economic sanctions.

Mr R. F. (Pik) Botha, the South African foreign minister, who returned on Saturday from talks with U.S. and West German officials in Europe, spoke of reforms including the possible release of Mr Nelson Mandela, the imprisoned black nationalist leader. Mr Botha suggested that the Government was trying to find an acceptable formula for releasing Mr Mandela, the leader of the African National Congress (ANC), the most powerful exiled nationalist movement fighting apartheid.

"I think there are members of the South African Government who believe that he (Mandela) has been in jail for many years and ought to be set free," Mr Botha said on arrival in Johannesburg. "The question now is how."

He confirmed that he had discussed Mr Mandela's release in meetings with Western envoys in Vienna and Frankfurt last week, but denied that he had made a commitment that the release would be unconditional. Mr Mandela, who was jailed for life in 1964 for seeking the overthrow of the white minority government in South Africa, has rejected previous offers of release, including one which would have required him to renounce violence.

In a clear reference to this earlier rejected offer, the Foreign Minister said: "It is a pity that we have the impression that he is in fact jailing himself at present."

Mrs Winnie Mandela, wife of the imprisoned leader, who has a widespread following among blacks in South Africa's turbulent townships, reiterated yesterday that only "totally unconditional" release would be acceptable to her husband. She stressed that freeing him would not be sufficient on its own to stop the current violence.

The death toll in the Durban area had risen to 85 by last night since violence spread to the area last week. Rioting continued throughout the weekend, although calm appeared to be returning last night.

Earlier yesterday there were stringent denunciations of the regime by mourners at the funeral of Mrs Victoria Mxenge, the leading black lawyer. Her assassination sparked the rioting in Durban, which had been previously free from the violence of the past three months.

Several speakers at the funeral called for the violent overthrow of the Government in what was described as the most overt political

funeral of those that have died in the unrest.

The Rev Allan Poesak, the leading anti-apartheid cleric was released from detention on bail of R100 (\$47.00) following his arrest on Saturday as he attempted to enter a black township near Cape Town.

During his meetings in Europe, Mr Botha briefed Western officials on details of planned reforms expected to be announced by President P. W. Botha on Thursday in a speech to the Natal congress of the ruling National Party in Durban.

Informed speculation in South Africa holds that the President will announce a limited political role for blacks, along with the lifting or revision of certain restrictions on their movement and the granting of citizenship to black South Africans who are now nationals of the nominally independent black homelands.

It is widely believed in South Africa that Mr Botha made promises to U.S. representatives Mr Chester Crocker and Mr Robert McFarlane, the National Security Adviser, of substantive early constitutional changes in apartheid.

This was in response to a warning delivered by Mr McFarlane that the current "emotional climate" in the U.S. would not permit a presidential veto of proposed sanctions

Continued on Page 10

Warner plans to buy out cable venture

BY TERRY DODSWORTH IN NEW YORK

WARNER Communications, the U.S. entertainment group, is aiming to buy out American Express's 50 per cent stake in the jointly-held Warner Amex cable television venture for \$450m plus the assumption of the cable group's \$500m debt.

The announcement comes after American Express had shown increasing impatience with general difficulties in the U.S. cable television industry, and with the performance of Warner Amex, which is now undergoing an aggressive cost-cutting campaign after losing \$24m last year.

Only last month, American Express proposed an alternative deal under which it would acquire Warner's stake for \$450m and then resell Warner Amex to American Television and Communications corporation for \$600m in cash.

Under the partnership agreement between Warner and American Express, however, both sides have an option to buy out the other at the \$450m price tag, and American Express appears to be sympathetic to the Warner Communications counter-proposal. It said at the weekend that it was pleased that the process of selling its stake in the cable television company was "proceeding in an orderly fashion."

Under the complex set of proposals from Warner, the entertainment company is intending to link the takeover of the American Express share in Warner Amex with supplementary deals to dispose of parts of the business to Viacom In-

Greece warns on F-16 deal

By Andreas Ierodiconou in Athens

THE GREEK Socialist Government has accused the U.S. Pentagon of procrastinating over the approval of an export licence for the sale of 40 General Dynamics F-16 fighter aircraft to Athens, and warned that it will cancel the order for the aircraft and turn to other manufacturers if the delay continues.

Mr Costas Laliotis, the Greek Government spokesman, issued the warning over the weekend after press reports that the Pentagon is seeking a strict guarantee from Athens that the F-16 purchase will not lead to the transfer of aircraft technology - by design or by accident - to the Soviet Union, before it will approve the export licence.

"It is a fact that there has been a delay over the F-16 purchase. The Greek Government has made clear to the U.S. that if this continues, it will cancel the order and turn to other sources of supply," the spokesman said, without directly confirming the reasons for the delay. The U.S. embassy in Athens had no comment.

An undertaking not to transfer technology to third countries is normally part of an agreement for the sale of U.S. military equipment. In this instance, however, the Pentagon is apparently particularly concerned and seeking special assurances about the Soviet connection.

Since Dr Andreas Papandreu's

Continued on Page 10

City of London: establishing new regulations

Management: BMW plans for growth

Technology: plastic cards for football thugs

Brazil: President Sarney's first four months

Editorial comment: Australia, Britain's teachers

Tourism: Britain welcomes visitors

Lombard: Bank of England's critics

Lex: The City on \$1000 a day

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OVERSEAS NEWS

NKOMO'S PASSPORT CONFISCATED

Mugabe gives Zapu 'final warning'

BY MICHAEL HOLMAN IN HARARE

MR ROBERT MUGABE, the Zimbabwe Prime Minister, yesterday delivered what he called his "final warning" to the country's Opposition Zapu party in terms which suggest that the banning of Zapu and the arrest of its leader, Mr Joshua Nkomo, and other senior officials may not be far off.

Speaking at the remembrance service at Heroes' Acre, the site outside Harare where prominent war of independence figures are buried, Mr Mugabe accused the leaders of Zapu of responsibility for "armed banditry" in the party's stronghold of Matabeleland. He equated Zapu's alleged anti-Government activities with treason.

"I wish to warn them in the name of all our gallant heroes who lie buried here, and I do this now for the last time, that unless they take immediate steps to mend their ways and put an end to banditry they deliberately created," he said to applause, "my Government will have no alternative but to take

very stern measures against them."

Last month's overwhelming general election victory by the ruling Zanu-PF party, which won 84 of the 90 black seats against Zapu's 15, was "a definite expression of the sovereign will of the people" and "to seek to overthrow it is treason, in capital letters," said Mr Mugabe.

The warning follows a mounting campaign against the opposition party which appears to be paving the way for a de facto one-party state. Mr Nkomo had his passport confiscated by the police on Saturday, a total of three Zapu MPs have been arrested in the past week and over 20 party officials and supporters have been held following police raids on Mr Nkomo's homes in Bulawayo and Harare, during which weapons belonging to bodyguards were seized and documents held.

In Parliament last week Mr Mugabe declared that unless dissent activity in Matabele-

land ceased, the Government would intervene in the province, and in the course of doing so "eliminate" Zapu. Mr Enos Nkala, the Home Affairs Minister, made a similar threat last month.

Speaking from his Bulawayo home yesterday, Mr Nkomo denied that Zapu backed the dissidents: "We are a straightforward, legal party," he said, "prepared to help Government and these people (dissidents), but the Government will not accept us." No-one in Zapu, he said, "wants to see the violent overthrow of a legal government, but if he (Mr Mugabe) wants to fall on us... we have no way to stop him."

The government has frequently accused Mr Nkomo and Zapu officials of being behind the dissidents, most of whom are former members of the disbanded Zapu army which fought in the country's guerrilla war.

The banditry in Matabeleland, which prompted a brutal military campaign in which

civilians took the brunt, was at its peak in 1983 and 1984, but has since died down, although sporadic incidents continue.

Despite the ban, the Government appears to be paying the way either for a major court case against Zapu leaders, or the immediate banning of the organisation and detention of its leaders under Zimbabwe's draconian emergency powers inherited from the era of white rule.

The strategy seems to be coordinated by Mr Nkala, who although an Ndebele from Matabeleland (defeated when he stood in a Matabeleland constituency last month, but since returned unopposed in another seat), is one of Mr Nkomo's bitterest enemies.

If Zapu is banned Mr Mugabe would achieve his long sought objective to turn Zimbabwe into a one-party state without contravening the constitution.

Israeli deportation policy faces court test

By Lynne Richardson in Tel Aviv

ISRAELI's recently announced policy of deportations for West Bank Palestinians accused of security offences has been challenged by the High Court which has ordered the Defence Ministry to show cause within three days why Khalil Abu Ziad should be deported.

Military authorities claim that Abu Ziad is a leader of the Fatah faction of the Palestine Liberation Organisation in the area but he denies the charges. Abu Ziad, who served a prison term for security offences in the 1970s, is the first person to be served a deportation order since Israel decided to reactivate various punitive measures for residents of the occupied territories in the wake of a series of murders of Israelis, apparently by West Bankers.

Deportation was not used since 1979 when Bassam Shak'a, then Mayor of Nablus, successfully petitioned the High Court to rescind such an order against him.

Christians held in Beirut

Shi'ite Muslim gunmen demanding the release of a Moslem kidnap victim, yesterday held about 65 Christian airline passengers hostage in Beirut for three and a half hours. Mr Selim Salam, chairman of Middle East Airlines, said. Reuter reports from Beirut.

The gunmen were seeking the release of Mustapha Hamadeh, a Shi'ite held by militiamen in Christian East Beirut.

Afghan elections

Afghanistan's President Babrak Karmal has ordered the start of local elections from yesterday in an apparent effort to bolster the Soviet-backed Government in its fight against guerrillas. Reuter reports from Kabul.

Kuwait security

A package of new security measures for Kuwait against terrorism has been recommended by a National Assembly committee. Reuter reports from Kuwait.

Europe 'should lobby for U.S. summit flexibility'

BY OUR MOSCOW CORRESPONDENT

MOSCOW WANTS Europe to put pressure on Washington to be flexible at the superpower summit in November, a top Soviet commentator wrote in a mildly optimistic article over the weekend.

Mr Alexander Borin, who writes for the government daily Izvestia and is widely respected here, said the U.S. had so far failed to show it had the political will to go half way at the talks between President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, in Geneva on November 19-20.

Mr Borin used surprisingly moderate language to outline the Kremlin's approach to the superpower leaders' first encounter. He stressed that the meeting would be a positive thing even if it was only a matter of getting acquainted rather than achieving breakthroughs.

Mr Borin rejected Western charges that Soviet policy was aimed at driving a wedge between the U.S. and its European allies. He said the two sides were bickering quite happily with-

out Moscow's help, he noted. The Soviet Union saw Western Europe as a conduit through which Washington could be persuaded to change its policies.

"We want our neighbours to use their transatlantic influence to boost the political culture, so to speak, of their overseas ally," the commentator said.

Mr Gorbachev makes his first foreign trip in October when he travels to France for talks with President Francois Mitterrand.

Mr Borin said the Soviet Union refused to see its foreign policy purely in terms of Soviet-American relations and sought to improve ties in other areas of the world too. He named China and Japan as two examples.

Mr Borin's article was the first detailed Soviet look at what the summit might hold. It judged the current state of relations was "fraught with crisis situations."

Mr Borin criticised Washington for failing to join the Soviet nuclear test ban last week, saying it was not the best way to prepare for high-level talks.

Moscow was striving to understand U.S. interests and concerns, he said, but lamented that Washington seemed apt to forget that the Soviet Union had its own worries.

MPs return to debate Noumea

BY DAVID MARSH IN PARIS

THE French National Assembly will go into special session today after a weekend decision by President Francois Mitterrand to recall deputies to re-examine the Government's Bill on New Caledonia.

At Mitterrand was forced into the move after the Constitutional Council—which vets new legislation—on Thursday turned down a representation formula favoured by the Government to cover regional elections scheduled for the

island territory in the autumn. The Senate is being reconvened tomorrow.

Mitterrand's decision is likely to provoke fresh clashes between the Socialists and the Right wing opposition over prospects for independence for France's troubled South Pacific possession.

The decision by the Constitutional Council—the nine-member body, dominated by Opposition-appointed members, which judges whether legisla-

tion conforms with the Constitution, came after a two-month parliamentary battle over the Bill. It was adopted last month. The Council's veto has set back government hopes of holding regional elections in New Caledonia next month. These would divide the islands into four regional councils, sending members to a New Caledonian congress. The congress would serve as an interim body helping to prepare for future independence.

Chrysler in fresh pay talks with UAW

BY TERRY DODSWORTH IN NEW YORK

THE U.S. motor industry is gearing up for another round of wage bargaining this week as Chrysler launches negotiations with the United Auto Workers on a three-year agreement.

Chrysler's talks follow peace-

settlements from their work forces in return for promises of improved job security.

Similar themes are likely to dominate this week's talks, which begin today, but Chrysler will also face pressure because its pay lags behind the industry average.

Employees earn about \$12.80 (\$9.40) an hour, or about 40

cents an hour less than at the two rival companies. This reflects the pay cuts made during Chrysler's financial crisis five years ago.

At that time, the company negotiated lower wages as part of its rescue plan, and has not returned to the overall three-year negotiating pattern of the rest of the industry.

Argentina wins IMF approval to draw on credit

By Alexander Nicol

THE BOARD of the International Monetary Fund cleared the way on Friday for Argentina to resume drawing on a SDR 1.4bn (£1.1bn) credit which was agreed in December but frozen in March. Argentina has since set a new economic programme.

The Fund's agreement to disburse a SDR 235m tranche came as no surprise because the Government of President Raul Alfonsín has set economic targets which are even tougher than those sought by the IMF.

Banks arranging a \$2.2bn loan to Argentina are hoping that the Fund's approval will encourage the few banks which have so far refused to make commitments to the loan. It is about \$30m short of the full amount and the signing is still targeted for this month.

Mr Alan Garcia, Peru's President, told visiting congressmen that U.S. creditor banks violated anti-trust laws and bore part of the blame for Latin America's debt problems. Reuter reports from Lima.

Zaire renews De Beers link

BY ANDREW GOWERS

ZAIRE, probably the world's largest producer of industrial diamonds, has patched up its relations with De Beers Central Selling Organisation, the cartel which markets more than 80 per cent of world rough diamond production.

After more than four months of talks, the two sides have agreed to renew a contract giving a De Beers subsidiary, De Beers Consolidated Mines, exclusive purchasing rights for the country's diamond production for the next two years.

The deal was announced yesterday by the official Zairean news agency Azap. De Beers confirmed in London that the contract had been ratified on August 3.

A previous contract between Zaire and De Beers expired in March, and their failure to renew it had led to speculation that Zaire might again break with the diamond cartel, as it did in May 1981.

Prices for the main sticking point in the latest talks, Zaire is reported to have re-

jected an initial offer of \$7.80 (\$5.70) a carat, a sharp drop from the previous level of \$8.55.

According to reports from Kinshasa, the two sides have compromised on \$7.80 a carat. The drop reflects the protracted depression in the world market.

Diamond exports are Zaire's largest foreign exchange earner, and a vital contribution for a country struggling with economic austerity.

Seoul lifts spending to stimulate growth

BY STEVEN B. BUTLER IN SEOUL

THE SOUTH Korean Government has drafted a supplementary budget Bill for 257.2bn won (\$212m), which will be presented at a special session of the National Assembly later this month. The Bill is likely to be adopted with little change, since the Government controls a majority of seats.

The Bill will accelerate this year's growth in Government expenditures from an original

rate of 9.5 per cent to 12.2 per cent. This will result, government economists believe, in an additional 0.3 percentage points economic growth this year. The extra money will be directed largely at welfare and job creation programmes.

The supplementary budget is the latest government measure to cope with sluggish economic growth, caused mainly by the 3.5 per cent decline in exports

in the first seven months of the year. It is believed the economy grew in the first half of the year by less than 5 per cent at an annual rate compared with original projections of 7.5 per cent for the entire year.

Other measures have included a variety of tax and interest rate incentives to stimulate industrial investment and exports. The Korean won has also been gradually devalued

WORLD TRADE NEWS

Reagan keeps shoemakers guessing

U.S. protectionist pressures are now sharply focused on non-rubber footwear with President Reagan expected to decide soon whether or not to try and put the remnants of a once thriving American industry back on its feet.

Last Tuesday the New York Times said the Cabinet would join the International Trade Commission in recommending that the President impose quotas on imports. On Wednesday the Washington Post reported that he can be expected to impose tariffs. Insiders say both options are probably under consideration, as well as the kind of "voluntary" restraints negotiated bilaterally on steel which do not seem to be working well.

In the end, the President may, as he did with copper, abide by his free trade free will convictions and refuse to grant any import relief at all.

The Administration is in a tough spot. Prominent Republican politicians, like Senator Robert Dole, Missouri, and Senator John C. Danforth, chairman of the Senate Subcommittee on International Trade, have been pushing hard for footwear protection. Trade and the nation's declining competitiveness is expected to emerge as a major issue in the 1986 Congressional elections. The Democrats are preparing to publicise the Administration's failure to produce a coherent trade strategy

Nancy Dunne in Washington explains why a U.S. move to curb shoe imports may open a protectionist Pandora's Box

while presiding over a looming \$150bn (£110bn) merchandise trade deficit.

Throughout the country, protectionist sentiment is growing. A New York Times/CBS study in June found 70 per cent of all Americans favouring import limitations.

American footwear has undoubtedly been hurt by imports, which rose 25 per cent last year, achieving a market penetration of 71 per cent. Some 55 factories were forced to close in 1984 and the industry's unemployment rate rose to 18.7 per cent. Although U.S. domestic sales increased 7.7 per cent in 1984, imports gobbled up the increase and a bit more besides. Since 1970, two-thirds of the 1,900 plants which operated have been shut down, and the number of employees has dropped from 215,000 to 120,000.

If the President gives in on footwear, he will open up a Pandora's box out of which will fly lobbyists pleading for textiles and apparel, copper, autos, lumber, leather products, ammonia, ethanol and more. Added to this clamour would be the fury of Third World producers, the EEC, U.S. consumer

groups and the shrinking band of American free traders.

The ITC has recommended a 35 per cent reduction in shoe imports valued at over \$2.50 a pair—the bulk of the non-rubber footwear imports. The suggested cutback would be held at a level of 18 per cent below 1984 shipments, then allowed to rise over the next three years, after which it would allegedly be allowed to expire.

The adoption of such a proposal would probably trigger immediate reprisals from the EEC on the \$1bn of U.S. imports. Brazilian officials have warned that such limitations would become "a major issue between our two countries" and suggested that the U.S. look again at interest payments on its \$100bn foreign debt.

Korean officials say that U.S. protection would unjustly punish those who receive no government subsidies. Mr Kim Kahwan, Secretary-General of the international economic policy council of the country's Economic Planning Board, said that while Korea is fully able to pay more than \$3bn annually in debt-service payments, controls on its exports "could compromise its ability

to continue the payments."

The proposed new round of the General Agreement for Tariffs and Trade, a cornerstone of Reagan policy, must also be a consideration. How can the U.S. resolve the inconsistency in pushing for reduced trade barriers while raising new ones?

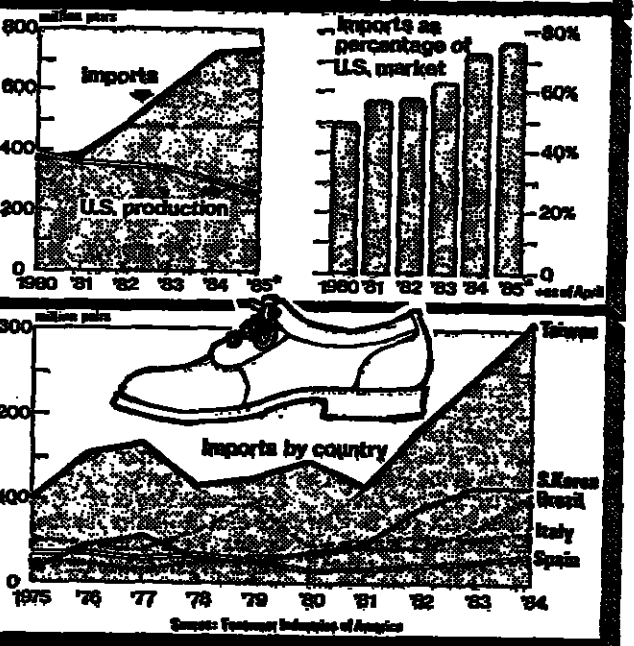
Consumer groups say that the quotas proposed by the ITC would raise domestic footwear prices by 11 per cent and import prices by 19 per cent, thus adding \$1.8bn to \$3.5bn a year on shoppers' footwear bill. Restrictions could save 30,000 jobs, but at a cost of \$50,000 per worker.

They also question the likelihood that the proposed "temporary" relief would achieve the desired end: allowing the U.S. industry to regain its competitiveness.

This would not be the first U.S. curb on footwear imports. "Orderly marketing agreements" with Korea and Taiwan gave the domestic industry a "breathing space" to modernise from 1977 to 1981. Little significant change has occurred in the industry's ability to compete, however, and shoe makers asked for more time—a request refused by President Reagan.

Now the industry says it has a five-year "action plan" which will only be put into effect with quotas. A spokesman for Footwear Industries of America, the industry's trade

THE RELEGUED U.S. SHOE INDUSTRY



association, said tariffs would not allow time to put that plan into effect.

Among the sceptics is Ms Susan Ljebeler, the only member of the ITC to vote against quotas. She argues that the domestic industry is dying simply because it is no longer able to compete and that import restrictions would not help. A plan to modernise, she said, simply isn't "credible" or viable.

The President has another option besides protection. He can grant trade adjustment assistance, which would fund training programmes for displaced workers. It would be simply because it is no longer able to compete and that import restrictions would not help. A plan to modernise, she said, simply isn't "credible" or viable.

India loosens price controls on tea in bid to raise exports

BY JOHN ELLIOTT IN NEW DELHI

INDIA HAS abolished controls on minimum prices for tea exports, to boost sales in world markets.

Mr Vishwanath P. Singh, the Minister of Finance and Commerce, announced the move at the weekend along with other measures aimed at increasing exports and industrial efficiency.

Mr Singh said the Government had abolished the minimum tea export price, introduced last November, because domestic production was increasing and world prices were falling.

India's production target this year is 655m kilograms, compared with 645m kg last year. Judging by output so far, the target will be exceeded.

Mr Singh's announcement followed strong pressure from the tea industry. On July 30, the minimum price was cut to Rupees 18 (£1.12) a kilo for South India tea and Rupees 17 for North Indian.

But the Government is continuing to limit the amount of tea exported, to hold down domestic retail prices. Mr Singh said an export ceiling of 250m kg for the year would stay in force. Last year, India exported nearly 215m kg and could have sold far more.

The other measures announced by Mr Singh included early reduction in duties on man-made fibres, extension of an international reimbursement scheme for all categories of steel, including alloys, and creation of an electronics export council.

The Government is under strong pressure to increase its exports. The World Bank, whose President Mr A. W. Clausen, arrived in New Delhi today, has said exports need to grow by 9 per cent annually in the next five years, instead of the current 4 to 5 per cent.

Congress authorises \$1.8bn for 1986 Eximbank lending

BY NANCY DUNNE IN WASHINGTON

AFTER MONTHS of squabbling Congress has authorised up to \$1.8bn (£1.3bn) for U.S. Export-Import Bank direct lending in fiscal 1986, a drop from \$3.86bn this year.

Even the \$1.8bn figure is by no means certain. The bank's financing must still be appropriated by both Houses, and in a mood of frugality, legislators may cut the funding still further.

Mr William Draper, the Chairman, has gone along with the Administration's plan to scrap all lending, and in place of loans, he has proposed to spend just \$136m to subsidise commercial bank loans in a scheme called "Match."

Congress was unwilling to go that far. But a drastic cut in direct loans funds could bring out exporter support for the subsidy plan.

Meanwhile, Congress attempted to boost the bank's competitiveness by authorising \$100m over two years for a mixed credits fund. The money would go to the Agency for International Development to finance a programme of tied aid with Eximbank which Congress ordered in 1983.

The skimpy authorisation is expected to have little value beyond the symbolic. It counters the Agency's argument that it has no funds for mixed credits.

Thus far, in the fiscal year beginning last October 1, Eximbank has authorised only \$600m for direct lending. The Bank said that demand is down because of the decline in commercial interest rates, which made private money cheaper than Government financing.

Sharp boost in exports of Swiss watches

By John Wicks in Zurich

THE Swiss watch industry, which suffered a severe setback on world markets in the early 1980s, continues its rapid recovery. Figures issued in Bern show that exports of watches and movements jumped 19.5 per cent to almost Sfr 2.05bn (\$648m) in the first half of this year following a 13.2 per cent improvement in calendar 1984 to Sfr 1.84bn.

The federation of the Swiss watch industry (FH) says that growth is unlikely to be as marked in the second half. Nevertheless 1985 seems set to see a new record for Swiss watch exports. In value terms, the best year to date was 1981 with sales amounting to rather over Sfr 2.42bn. Electronic watches today account for 52 per cent of total exports.

SHIPPING REPORT

Market jolted by crisis at Sanko

BY ANDREW FISHER, SHIPPING CORRESPONDENT

DRY CARGO markets, which have been sharply weaker in the past month or so, were given an extra jolt last week by news suggesting that the crisis at Sanko Steamship of Japan was finally coming to a head.

But rates tended to stabilise in the week, instead of continuing recent declines, though the market's tone was increasingly nervous. Shares of Sanko, which ordered as many as 125 bulk carriers two years ago (it has been trying to postpone deliveries of some vessels) plummeted in Tokyo on Friday after being suspended on the previous day.

Sanko's prolonged and considerable financial difficulties have concerned the shipping market for some time. On some routes, such as the Pacific, rates have suffered because of the

General Electric, the U.S. electrical giant, has secured a contract to sell five gas turbine engines to the Chinese navy to power new destroyers. AP reports from Beijing.

The contract has not been formally announced yet at China's request, but business men said a pair of the 25,000 horsepower LM-2500 turbines will drive each of two new Chinese destroyers, with one engine spare. The contract is understood to be worth several hundred million dollars.

Index of the company's new tonnage.

Last week, rumours were rife concerning the possible fate of Sanko. Its collapse would dwarf the recent failures of

companies heavily reliant on dry cargo trading, as well as being a major corporate disaster in Japanese terms.

Key rates stabilised at very low levels in the week and the Baltic Freight Futures Index, which includes various cargoes and routes, actually showed a slight rise—its first since June 17. This brought it up 4.5 points since Wednesday to 716 on Friday against 664.5 only July 1, 725.5 at the end of last month and 927 on June 17.

Denholm Coates, describing the market as still extremely sluggish, said the grain rate from the U.S. Gulf to Japan was steady at around \$10-\$10.25 a ton, with higher levels for November shipments. The rate from the U.S. Gulf also stabilised at just below \$5. These are well below levels earlier this year.

Daihatsu plan for China car

DAIHATSU MOTOR hopes to become the first Japanese car maker to produce cars in China, AP reports from Tokyo.

Daihatsu, says it might make the cars next year through technology-transfer deal with Jinjin Automotive Industry of China. However, "concrete terms with Jinjin have not been reached yet." Asahi Shimbun, the nationwide daily, reported that Daihatsu plans to manufacture the 1,000-cc "Charade" car in China as early as Autumn 1986. Asahi quoted Mr Tomonaru Eguchi, Daihatsu president, as saying that Daihatsu will decide officially "early next year."

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UK NEWS

Retailer gives Sinclair £10m orders boost

BY WALTER ELLIS

SIR CLIVE SINCLAIR, destined to remain chairman of Sinclair Research after the weekend withdrawal by Mr Robert Maxwell of his proposed takeover of the ailing computer company, will be waiting keenly this week for evidence of what his company describes as a "massive commitment" by Dixons, the retail chain, to the Sinclair brand.

According to an agreed statement, Dixons will be spending more than £10m purchasing Sinclair home computers and flat-screen miniature televisions for distribution in its 800 retail outlets.

Mr Mark Souhami, chief executive of Dixons, said on Saturday that his company had bought some 160,000 Sinclair computers and televisions and would be launching a big promotion of these in the run-up to Christmas.

Dixons has also just signed a contract committing it to a heavy promotion of Amstrad computers this autumn, and the company will clearly be anxious to discover which product gives the better return.

As a high-technology innovator Sir Clive has few peers in Britain. On his own recent admission, however, he is not good at managing an

established business, and important changes to the management structure of the company are now imminent after the recent appointment of Mr Bill Jeffrey, formerly of Mars Electronics, as chief executive.

Sir Clive has revealed that several potential backers expressed interest in investing in the company even before Mr Maxwell's short-lived intervention. He said he would now go back and talk to them. A company spokesman added yesterday that there was no longer any question of a financial crisis, but additional funds would help in the development of planned new products, including a new-generation computer.

Sales at Sinclair now appear to have recovered substantially from the disastrous lows of January and February, when a post-Christmas saturation of the UK home-computer market first threw plans to go public into a tailspin.

Sir Clive said at the weekend that some "very large orders" for his products were coming through, and in the U.S. the QL computer, which had a variety of teething troubles, was beginning to secure a respectable share of the market.

WET SUMMER JEOPARDISES CEREAL CROPS

Harvest prospects flattened

BY ANDREW GOWERS AND JOHN CHERRINGTON

BRITISH FARMERS will be looking to the skies with increasing anxiety over the next few days after the most rain-soaked start to a harvest for about 10 years.

Many thousands of acres of cereal and oilseed rape crops are already damaged, and the quality of the entire harvest is likely to be hard hit, according to a sample of farmers interviewed yesterday.

Expectations that this year's total cereal crop would approach the record of 26.4m tonnes achieved in 1984 are being drastically revised - although with 4.3m tonnes of grain still in official stores there is no chance that Britain will be short of grain.

"It's getting very serious," said Mr Patrick Tory, chairman of the National Farmers' Union's cereals committee, who farms in Surrey, west of London. "My oilseed rape should have been cut three weeks ago, but it's been laid flat by the wind and rain and is rotting on the ground. It's much the same story with winter barley."

"Whole areas of wheat in Kent and Norfolk look desperately flat. A lot of cereal farmers are going to be in trouble."

Farmers throughout England, Wales and Scotland painted a similar picture: their crops weak and prone to disease in the cool wet summer. In East Anglia, still Britain's most important cereal-growing area, one arable farmer, Mr David Richardson, said: "Some fields are so flat they look just like meadows."

The weather forecasters were not providing much hope of an improvement yesterday. The nearest the London Weather Centre came to optimism was to forecast the arrival of a band of high pressure over southern England towards the end of the week.

The situation has not yet reached calamitous proportions for many farmers. This is largely because cereals in most of England are not yet fully ripe, and until they are there is not much danger of them sprouting in the ear. Once they have sprouted they are not suitable for milling into flour, making, exporting or even selling into official warehouses.

Farmers are also better-equipped now than they were to cope with harvesting crops laid flat. Mr Tory admitted that, if the weather picks up in the next few days, he could probably salvage 75 to 80 per cent of his cereals.

"It's amazing what farmers can do to make up for lost time when the fine weather comes," said Mr Derek Fraser, the NFU's chief press officer. None the less, in some areas of the south of England ripe crops have undoubtedly been lying on the ground for upwards of three weeks.

Every additional day brings an increased danger of disease, rot or infestation by weeds.

Some farmers are blaming more than the wind and rain for the way cereals have fallen flat this year; increased use of fertiliser, which makes the head of a cereal plant heavier, is another possible culprit.

In any case, this sort of weather is not exceptional. After several easy years since 1976, farmers have forgotten just how wet the harvest period can be. Over the last 50 years, about a third have been wet during July and August. In most of those cases, however, the hostile climate was more selective.

Nor has the bad weather been confined to the British Isles this time. The grain growing areas of north Germany and France have also been suffering.

The two greatest worries expressed by most British farmers at present concern the yield and quality of the crop. Quality is of particular importance because of the EEC's support buying arrangements, known as "intervention." If cereals do not meet certain technical specifications they cannot qualify for sale into intervention stores.

This means that rejected grain would have to find its own price on an already glutted market. "Whatever happens there will still be an overall grain surplus. We'll have a surplus of very poor quality wheat which will be sold at considerable discounts," said Mr Richardson. "If there's a shortage at all, it will be of high-quality milling wheats and malting barley."

As a result of this, and of what is certain to be a reduced yield this year from the spectacular levels of 1984, most observers expect cereal growers' earnings to drop sharply. According to one estimate, the net margin from growing an acre of cereals could be halved.

Row over fee for MacGregor services

By Brian Groom

A POLITICAL row was brewing yesterday over an impending announcement of the so-called "performance fee" that will be paid to U.S. bankers Lazard Freres for the services of Mr Ian MacGregor (now coal board chairman) during his three-year term as head of the British Steel Corporation (BSC).

The Department of Trade and Industry refused to confirm weekend reports that the payment would be around £750,000, below the £1.15m maximum negotiated in May 1980.

Mr Alan Williams, Labour's industry spokesman, said: "Whatever the level of the payment it will make the recommendations of the Top Salaries Review Board look like peanuts. An astronomical sum is to be paid to Lazard Freres for the destruction of large sections of the British Steel industry. This is ridiculous."

Lazard has already been paid £675,000 for Mr MacGregor's three years at BSC. The remaining £1.15m maximum was dependent on performance criteria, including targets for the profit/loss account, steel production, market share, exports, cost reductions, the progress of privatisation, and the overall health of the corporation.

The "performance fee" is payable to Lazard as compensation for loss of Mr MacGregor's services as a full partner of the bank.

Labour may relax hard line over shares compensation

BY OUR LABOUR STAFF

SENIOR FIGURES within the trade union movement believe that Trades Union Congress (TUC) and Labour Party policy will have to be revised before the next general election to provide for higher levels of compensation than at present envisaged when companies are renationalised by a future Labour Government.

Present policy dictates that compensation should be paid at a level which permits those who receive it to make no speculative gain from having bought shares. Though the left-wing will fight against any attempt to water this down, some senior figures believe the policy is untenable.

They point to the sheer numbers of people, including employees of the companies concerned, who will have bought shares under the Government's privatisation programme. This coincides with a growing feeling in the TUC that not all of that programme can be reversed.

Something will have to be done to bring British Telecom back under public control, it is suggested, perhaps by ensuring that 51 per cent of shares are back in Government hands. But the National Freight Company, sold to its managers and employees, is said to be among the enterprises that would be difficult to renationalise.

A hint of changing attitudes will come in the TUC's annual economic

review, due to be published tomorrow. It will indicate that detailed work needs to be done on nationalisation policy before the next election.

A TUC report on unions' attitudes to nationalised industries, the result of a consultation exercise launched late last year, has already shown that many unions are dissatisfied with the practices and image of the nationalised industries.

Unions that responded to the exercise agreed on the need for a review of TUC policy on the public sector, and accepted that the labour movement faced a difficult task in winning support for its expansion.

The report heightened those in the Labour Party such as Mr Roy Hattersley, the deputy leader, who have argued for an approach to the public sector which would emphasise other forms of ownership than the 100 per cent state holding which has been the postwar model.

The TUC's economic review, built around the employment issue, will call for a programme of public investment amounting to £20bn over five years, and for a more modest short-term boost to demand.

Much of it will be devoted to a detailed refutation of the arguments contained in the Government's recent White Paper (policy document) on employment, in particular the Government's claim that high pay rises have cost jobs.

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It also embraces the vital area of safety. And as a result, BMW has acquired a degree of know-how that ensures quicker and more reliable solutions to tomorrow's as well as today's problems.

One example of this extensive know-how is the field of sensor technology, which enables data on the numerous mechanical and thermal functions of a car to be translated and relayed as intelligible information to the car's electronic control systems. Without the reliability and dependability of this sensor technology, many crucial safety features, such as ABS anti-lock braking and the new Airbag system, would be inconceivable.

The Airbag system on the BMW 7-Series: automatically better protection.

The Airbag is the ideal, logical extension of a car's seat-belt restraint system. It ensures even greater protection for the driver in the event of a head-on collision. The moment the force of a frontal impact reaches an exactly defined level, a nylon airbag - concealed beneath the safety padding of the steering column - is automatically inflated by a special gas mixture in the minutest fraction of a second (approx. 30 milliseconds).

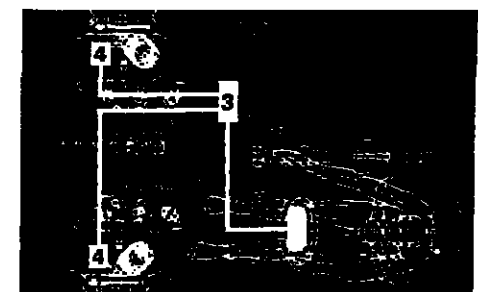
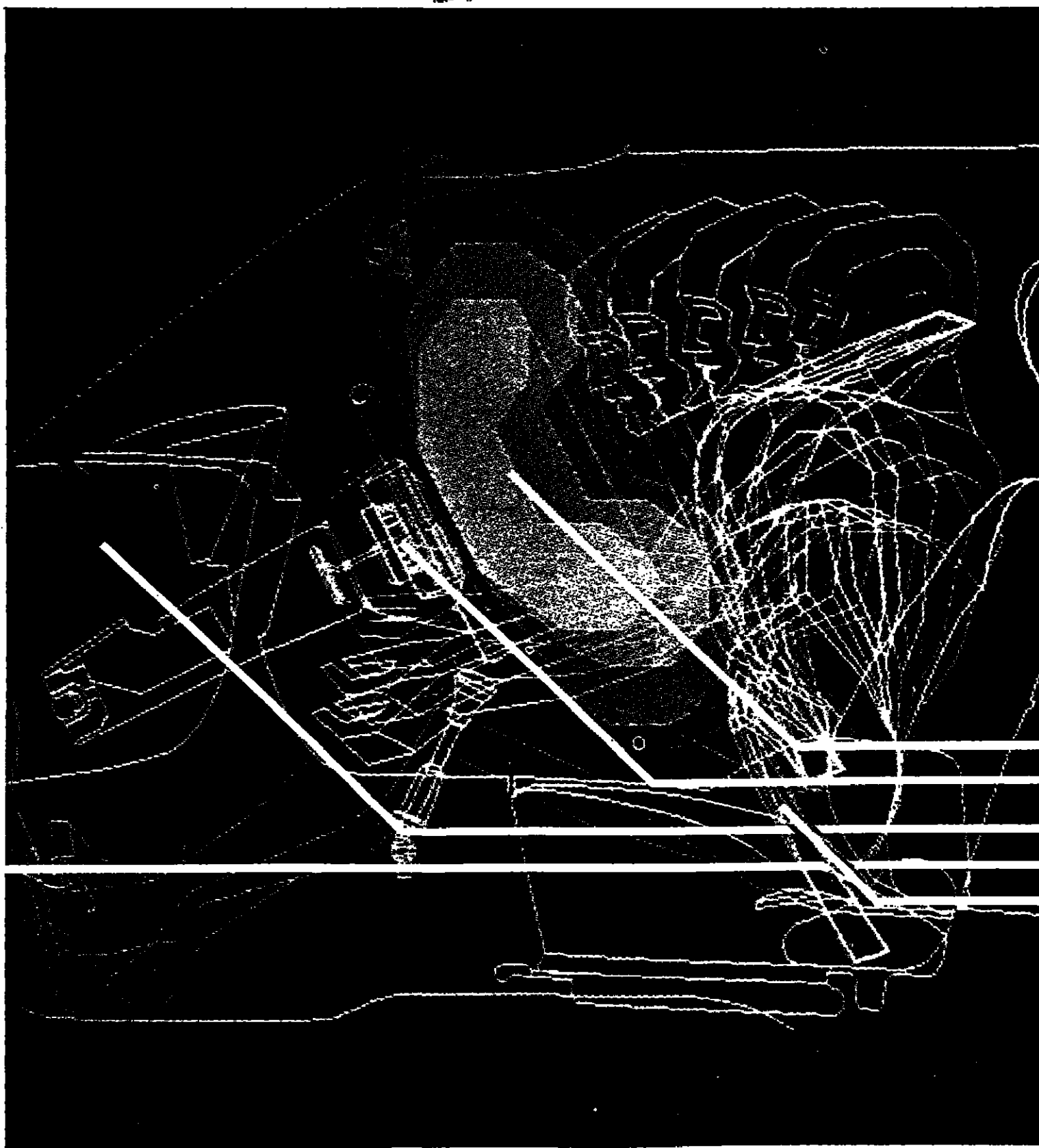
This reliably prevents the danger of the driver coming into contact with the steering wheel.

Apart from the actual physical noise, the whole process happens so fast that it's virtually imperceptible. And as the bag automatically deflates immediately afterwards, there's no loss in driver vision.

The highly developed sensor technology of the BMW Airbag ensures double the safety.

More than anything else, the inbuilt reliability of the Airbag system stems from ultrasophisticated but foolproof sensor technology.

It also illustrates just how BMW's in-depth experience with all the various elements that make up this life-saving technology can provide direct benefits for the driver.



And to achieve complete dependability we don't put our faith in just one sensor recognising the critical impact forces: the BMW Airbag system features 3 sensors. As a result, full system working order can always be guaranteed and any risk of malfunction is eliminated. In addition, a special back-up safety circuit takes over if the car's main electrical system fails.

Don't trail behind technological progress in international top-class motoring. Drive BMW.

Model and equipment availability in the BMW International range may vary from country to country.

1. Airbag inflation time is about 30 milliseconds for the bag's 75 litre capacity.
2. The Airbag (consisting of housing in steering wheel, padded cover, airbag, gas generator and ignition pellet).
3. Diagnostic unit plus safety sensor (see also tech. illustration above right).
4. Electronic impact sensors (left/right) (see also tech. illustration above right).
5. Automatic seat-belt stop system.



BMW AG, Munich

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City
Country

Economy to grow 3½% this year, says bank

By Philip Stephens

AN optimistic outlook on the British economy is made today by the Midland Bank Group in its latest economic review.

The bank says it expects economic growth of 3½ per cent this year to be followed by a further 3 per cent increase in output in 1986. Interest rates and inflation should continue to decline steadily.

Buyer investment and rising exports are expected to act as the main engines of growth in 1985, and the economy will also benefit from some bounce-back in activity after the miners' strike.

The economy's momentum will be maintained in 1986 by lower borrowing costs and a renewed surge in consumer spending, the bank says.

It predicts bank base rates will average just under 10 per cent next year compared with the 12 per cent expected for 1985, while inflation should fall to 5.3 per cent from 6.3 per cent. By 1986 the annual rate of growth in the retail price index could be as low as 3 per cent.

Midland says the expected growth of the economy during the next four years should be enough to create 600,000 to 700,000 new jobs, but it adds the likely expansion of the labour force means the unemployment level will be little changed.

The bank forecasts personal borrowing will continue to grow rapidly during the next few years, with lending to consumers by the banks expected to rise by 15 per cent in 1985 and then by an annual 12 to 13 per cent.

Borrowing by companies is expected to increase by 9 per cent this year but that figure could fall to 5 per cent by the end of the decade.

However, the Department of the Environment's views have been challenged by a number of Mrs Thatcher's normal Cabinet allies, notably Mr Nigel Lawson, the Chancellor of the Exchequer, and Mr Leon Brittan, the Home Secretary.

The Treasury wants to retain domestic rates, which it believes are now easier to control in aggregate from Whitehall, although it has argued for a shift in the basis of valuation to the capital worth of a property, rather than the notional rental value, as now. The Treasury also wants Whitehall to take over responsibility for spending on education, and possibly the police, thus further reducing local discretion.

The Home Office opposes a residents' charge because it smacks too much of a poll tax and thus implies paying for the right to vote. Mr Brittan also supports rate/capping, of which he was the main architect, as

UK NEWS

Thatcher summons ministers for property tax talks

BY PETER RIDDELL, POLITICAL EDITOR

PRIME MINISTER Mrs Margaret Thatcher has summoned a special meeting of senior ministers for next month to consider ways of replacing domestic rates (property taxes).

This is in the face of growing opposition by a powerful group in the Cabinet opposed to radical changes which might undermine recently imposed central controls.

The Department of the Environment will present a number of options outlining a possible residents' charge. Like a poll tax, this would be on a per head basis and would be paid by all adults except the very poor. It would be levied either flat rate or, more likely, at two or three rates linked to levels of income.

Detailed studies have been under way since a meeting at Chequers, the Prime Minister's country residence, four weeks ago, when Mrs Thatcher was persuaded that the present rating system could not continue. She is attracted in principle to the residents' charge. The options paper will only include general examples about the impact on households because it is based on assumptions about the distribution of Whitehall grants to local authorities which are likely to change.

Environment ministers believe that the ministerial meeting, probably in late September, will have to decide whether to strengthen local accountability by increasing the number of people paying a local tax, as with a residents' charge, or whether to go further along the present centralist route.

However, the Department of the Environment's views have been challenged by a number of Mrs Thatcher's normal Cabinet allies, notably Mr Nigel Lawson, the Chancellor of the Exchequer, and Mr Leon Brittan, the Home Secretary.

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The Home Office opposes a residents' charge because it smacks too much of a poll tax and thus implies paying for the right to vote. Mr Brittan also supports rate/capping, of which he was the main architect, as



Mr Nigel Lawson: Against radical changes

Chief Secretary to the Treasury before the 1983 general election. Mr Michael Heseltine, the Defence Secretary, and a former Environment Secretary, and Sir Geoffrey Howe, the Foreign Secretary, are expected by senior colleagues to be highly sceptical about radical changes, partly because both were involved in earlier, unsuccessful attempts to find a replacement for local rates.

A fallback position has been devised by ministers most closely involved. This is to retain domestic rates as a core tax, although in a modified form, and to supplement them by the new residents' charge.

These ministers argue that most other industrialised countries have at least two local taxes and that there is the danger that switching to a residents' charge alone might mean a sharp increase in payments by many natural Conservative Party supporters in the suburbs.

Environment ministers will counter the scepticism of other ministers by pointing to two meetings in the past month, where senior Tories in the party organisation and in local government have agreed with Mr Patrick Jenkin, the Environment Secretary, that the present system cannot continue, particularly after the row in Scotland over rating revaluation, and that a residents' charge is the preferred alternative.

Land Rover halts foreign sales slide

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LAND ROVER, BL's four-wheel drive vehicle subsidiary, appears at last to have halted the steep decline in sales it has suffered since 1980. In the first half of this year the company pushed up sales outside the UK by more than 20 per cent.

Land Rover and Range Rover vehicle sales recovered substantially in the first half compared to the same months of 1984.

Sales of Land Rovers outside the UK were up by 14.5 per cent to 11,018, and those of Range Rovers by 36 per cent to 5,262.

Six-month sales in the UK, as previously reported, also rose strongly. Land Rover's were up by 16 per cent to 3,512 and Range Rover's by 18 per cent to 1,845.

Mr John Sewell, sales and marketing director of Land Rover, said at the weekend the progress was particularly encouraging in the light of the continued economic problems in many of the traditional markets outside Britain - notably in Africa.

"We have been developing sales rapidly in more stable markets because of the new products introduced in the past two or three years," he said.

The Land Rover company's output of vehicles and kits dropped from 60,906 in 1980 to only 37,451 last year. However, it has pushed ahead with its £200m, five-year model-renewal programme which has seen the introduction of the Land Rover One Ten and the Land Rover Ninety and improvements to the Range Rover including a four-door version and the option of automatic transmission or V8 engine.

The new models have helped Land Rover gain ground in the leisure sector of the four-wheel drive market in industrialised countries in Europe and elsewhere - a sector pioneered by the Japanese with such vehicles as the Nissan Patrol, Toyota Landcruiser and Mitsubishi Shogun.

The PCO's approval, after six months of monitored trials, means the Ford engines will be offered to UK owners of 35,000 existing taxis as an "aftermarket" conversion.

The enterprise is being undertaken by Rebuilt Taxis, an operation founded several years ago by two former taxi operators and which already markets complete "rebuilt" taxis to the trade.

The rebuilt vehicles are actually produced by Carbodies of Coventry, which makes the FXR "black taxi" itself, as a cheaper alternative to new vehicles.

The approval for the Ford engine follows by a few days the start of Carbodies' long-sought breakthrough into the U.S. market.

The first of a planned minimum of 500 black taxis a year emerged from the production line of London Coach at Mount Clemens, Michigan, under a joint venture with Carbodies.

The basic shell is supplied by Carbodies, with London Coach adding a Ford engine, transmission, wiring harness and other fittings to bring the vehicle's U.S. content up to about 50 per cent.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

August 14-21 International Craft and Hobby Fair (04222 73711) Wembley Conference Centre	September 5-6 British Yarn Show (0274 724235) Holiday Inn, Leicester
August 22-23 Scottish Autumn Gift Fair (0764 4204) Anderson Centre, Glasgow	September 10-12 Hire Equipment Exhibition - HIRE EQUIPMENT (01-688 7788) Relia Vnc, Manchester
August 23-30 International Software Engineering Exhibition and Conference (01-240 1571) Imperial College, London	September 10-13 Offshore Europe 85 conference and exhibition (01-549 8531) Aberdeen
August 23-September 1 International Home/Show Video and Television - VIDTEL (021-780 4171) NEC, Birmingham	September 11-14 Incentive Travel Exhibition (01-688 7788) Novotel, London
September 1-4 International Menswear Fair - MAF (0727 52313) Earls Court, London	October 17-27 Motofair '85 (01-439 0575) Earls Court
September 2-3 Autumn Gift Fair (01-855 8201) Olympia	October 28-31 World of Concrete Exhibition (0923 778311) Wembley Exhibition Centre

OVERSEAS TRADE FAIRS

August 14-18 International Men's Fashion Week and International Jeans Fair (01-920 7251) Cologne	August 27-29 Finnish Fashion Fair (01-486 1951) Helsinki
August 28-29 Advertising and Marketing Exhibition - ADSEV (01-257 2883) Jelgoneshaur	August 29-September 8 International Audio and Video Fair (01-749 5061) Berlin
August 24-28 Frankfurt International Fair (01-734 0545) Frankfurt	September 1-7 International Autumn Fair (01-495 511) Leipzig
August 25-30 International Heating, Ventilation and Air Conditioning Congress and Exhibition - CLIMA 2000 (Denmark 45 01 63 333000) Copenhagen	September 6-9 International Fair - MACEF (01-242 7828) Milan
August 28-29 World Congress and International Exhibition on Heating, Ventilation and Air-Conditioning (45-1 63 32 30) Copenhagen	September 7-10 International Men's and Boys' Wear Trade Exhibition - SGFM (01-439 3864) Paris
	September 12-15 International Sports Equipment Fair - ISFO (01-486 1961) Munich

BUSINESS CONFERENCES

August 18-23 International congress of nutrition and exhibition (0273 695811) Brighton	September 11 100 and British Franchise Association: Franchising - the way forward for growth and business expansion (01-539 1233) Institute of Directors, SW1
August 18-23 Dataguest: 1985 Financial services program technology conference (01-409 1497) California	September 11-13 Cambridge Business Conferences: Business transactions with developing countries (0223 354978) Peterhouse, Cambridge
September 2-5 The Plastics and Rubber Institute: Impact testing and performance of polymeric materials (01-245 5355) University of Surrey, Guildford	September 11-13 Risk Research Group: Captive insurance companies (01-236 2178) Gloucester Hotel, London
September 2-4 Management Training Consultants: Success in management in action (Leicester 27052) Leicester	September 12-15 City Conferences Centre, EC3
September 4-6 Frost and Sullivan: Integration of voice and data communications (01-486 0334) Stockholm	September 12-15 World motor conference (01-431 1355) (until September 13) Frankfurt
September 5-6 Read Conferences: The Motor Ship's second international ship repair, spare and maintenance conference (01-643 5040) Royal Garden Hotel, W8	September 12-15 National Conference (0882 26171) London Hilton
September 9-10 Oves IBC: 1985 European conference on solid modelling (01-236 4080) Marriott Hotel, W1	September 20 The Economist: Intrapreneurship in Practice: creating and managing innovation in large corporations (01-539 7700) The New Piccadilly Hotel, W1
September 10 Tollers: Acquisitions and mergers (01-686 9141) London Press Centre	October 1 Longman Seminar: Liability Insurance (01-686 9141) Barbican Centre, EC2

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Financial Times Conferences

THE ECONOMICS OF BANKING

London—October 16 & 17 1985

Following a number of successful retail banking conferences held in London in the Autumn, the Financial Times has decided to make the subject of this year's conference The Economics of Banking. The programme includes papers by speakers who have made valuable contributions in previous years including James Larkin of American Express and Christopher East of Bozell Allen. Among the new speakers this year are Dr Wulf von Schimmelmann of DG Bank, Mr M. J. Regan of the Royal Bank of Canada, Mr T. A. Green of National Westminster, Mr John Elliot of MasterCard and Mr Peter Birch of Abbey National. Sir John Read of the Trustee Savings Bank will be guest lunch speaker. The conference is to be held at the Hotel Intercontinental on 16 & 17 October 1985 to coincide with the period of the Banking 85 Exhibition.

ELECTRONIC FINANCIAL SERVICES

London—October 21 & 22 1985

This high-level meeting on Electronic Financial Services is timed to coincide with the major Banking Equipment and Technology exhibition at London's Barbican Centre. Subjects to be addressed include:

- ★ Electronic Financial Services—Now and in the Future
- ★ EFT/POS—A Banking, Retailing and Consumer Perspective
- ★ ATM's—National and International Networks
- ★ Home Banking
- ★ Future Cash/Treasury Management Systems
- ★ The Potential Applications of Expert Systems in Banking

Some of the speakers taking part include: Mr F. G. Reeve, Mr Robert B. Willumstad, Mr Bessel Kok, Mr David Robinson, Mr Robert F. Barone and Mr Edward Berlin.

All enquiries should be addressed to:

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Approval for new taxi engine

By John Griffiths

THE PUBLIC Carriage Office (PCO), which controls London's taxi trade, has approved the fitting of Ford's 2.5 litre direct-injection diesel engines as an alternative to the Land Rover-supplied diesels which are installed as standard.

The PCO's approval, after six months of monitored trials, means the Ford engines will be offered to UK owners of 35,000 existing taxis as an "aftermarket" conversion.

The enterprise is being undertaken by Rebuilt Taxis, an operation founded several years ago by two former taxi operators and which already markets complete "rebuilt" taxis to the trade.

The rebuilt vehicles are actually produced by Carbodies of Coventry, which makes the FXR "black taxi" itself, as a cheaper alternative to new vehicles.

The approval for the Ford engine follows by a few days the start of Carbodies' long-sought breakthrough into the U.S. market.

The first of a planned minimum of 500 black taxis a year emerged from the production line of London Coach at Mount Clemens, Michigan, under a joint venture with Carbodies.

The basic shell is supplied by Carbodies, with London Coach adding a Ford engine, transmission, wiring harness and other fittings to bring the vehicle's U.S. content up to about 50 per cent.

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UK NEWS

A regulatory umbrella over the markets

"REGULATION does not come cheap," warns Sir Nicholas Goodson, chairman of the London Stock Exchange, "and it does not come without a great deal of work and effort and planning."

At the same time, he does not think it would be a good idea for a large number of small specialist self-regulating organisations to spring up in the financial markets. Accordingly, the stock exchange is ready to extend what Sir Nicholas describes as its "umbrella of regulation" to firms working in a number of areas which are at present wholly or partly outside the stock exchange's frame of reference.

If this required some special form of associated membership, there would not necessarily be any great problems. Sir Nicholas points to the special membership status recently given to firms trading in the new currency options market. This opportunity has been taken up by banks such as Standard Chartered and Bank of America. "It could be a precedent," he says.

Sir Nicholas shows most enthusiasm about the prospect for taking responsibility for regulating the rapidly expanding London over-the-counter markets for international securities. There are active unofficial markets in a variety of Far Eastern, Australian, South African, continental European and North American equities and bonds. This is, however, quite separate from the Eurobond market.

"We are naturally in the international equities business, and we

The first in a series of articles in which Barry Riley, Financial Editor, looks at self-regulation in the City of London.

naturally regulate it at present," Sir Nicholas says. Member firms are free to deal in every other market under existing rules.

A number of the external firms in question, such as Goldman Sachs or Salomon Brothers, are expected to join the stock exchange in any case. As for the rest: "We may well devise some other form of affiliation or attached membership to enable these firms to satisfy the Securities and Investments Board (SIB)." The SIB is the financial surveillance body envisaged under investor protection legislation.

Eurobonds constitute a different problem. The market is vast - estimated to run to a capital value of \$350bn - but very few stock exchange member firms have become significantly involved with it. Last year Sir Nicholas went on record with some highly critical remarks about the standards of conduct to be found within the secondary Eurobond market.

"We have no policy at the moment on regulating the Eurobond market," he says now. But pending discussions with Sir Kenneth Berrill at the SIB he is reserving his position on whether there might be scope for the stock exchange to play a greater role.

"The Eurobond market adds a totally different dimension because

one's got to grapple to find out where it is and who's doing it and how they are doing it," Sir Nicholas says. "I think a great deal of work needs to be done between Sir Kenneth Berrill and ourselves and other interested people to see how it could best be regulated in the interests of everybody."

Investment management is another area where the stock exchange could widen its role. Already the investment management activities of stock exchange members are regulated - the biggest single firm in this area is thought to be Phillips & Drew with more than £3bn of funds under discretionary control.

The attitude of the major merchant banks has yet to be clarified, however. A steering group headed by Mr Nicholas Baring of Baring Brothers is exploring the possibility of establishing a separate self-regulating organisation (SRO) for investment management. But most of the merchant banks are meanwhile putting together securities trading operations which will be joining the stock exchange.

The fund managers also have the alternative possibility of a link-up with Nasdaq, the National Association of Securities Dealers and Investment Managers. But Sir Nicholas thinks that a merchant bank



The floor of the London Stock Exchange

buying a stock exchange broker will probably find that quite a lot of business, including investment management, is being conducted in parallel inside and outside the stock exchange's jurisdiction.

Therefore, he suggests, it would be natural for the bank to opt to bring all its investment management activities under the stock exchange's regulatory umbrella.

Elsewhere, the stock exchange is still unclear about the position of unit trusts, the regulation of which under the new system will be somewhat awkwardly divided between the SIB - responsible for investment management - and the Marketing of Investments Board - which will look after the sales side.

One area where the stock exchange definitely does not seem keen to become involved is the do-

mestic over-the-counter market in unlisted securities.

The general attitude of the stock exchange to broader regulatory developments in the next year or so is likely to be conditioned by the fact that its council members and officials already face an enormous work load arising from the restructuring of the stock market. It is certainly not going to be looking for work.

Sir Nicholas concludes: "What is coming out as the big question is whether the stock exchange can cope with conflicts of interest. I don't think that is the important question at all, because the answer is yes," he says.

The really big problem is those 100,000 salesmen in insurance, which nobody's talking about. That's where the biggest problem lies."

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Strong growth forecast for franchise sector

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

FRANCHISING IN THE UK is expected to gross more than £1bn by 1990 and looks set for further growth in the rest of the decade, according to a report on the sector published by the Euromonitor market research company.

Euromonitor points out that this optimism reflects the fact that franchising has now become "an established and respectable form of business activity after initially attracting a spate of unscrupulous entrepreneurs."

It estimates that the value of UK franchise activity this year will reach £950m after a growth rate of 20 per cent a year during the past few years. By next year it forecasts the market will be worth more than £1bn.

"The level of franchise activity is expected to develop, to 1990 when the market will be worth more than £1bn," it says. "There are likely to be 400 active franchisers by 1987 and 600 by 1990 with perhaps 20,000 outlets," Euromonitor adds.

A further indication of the growing interest in franchising is reflected in the record number of exhibitors planning to attend the National Franchise Exhibition being held in London in October,

when more than 10,000 potential franchisees are expected to attend.

Franchising is defined as the method by which a business (the franchiser) can grant to another business or individual (the franchisee) a licence permitting them to carry on a business using a specific name associated with the franchiser.

Most franchising activity is located within the service sector, such as fast foods, retailing and leisure. Euromonitor, however, points out that "growth has also come within more fragmented service sectors such as domestic and commercial services and repair industries."

The UK's leading franchisers, according to Euromonitor, are: Wimpy (fast foods), accounting for 9 per cent of total activity; Kentucky Fried Chicken, 8 per cent; and Spectrum (electrical), 7 per cent.

About 280 companies at present offer franchises in the UK, says Euromonitor, with about 10,000 outlets. About 31 per cent of these franchises are in home maintenance and improvements, 18 per cent in food and drink, and 17 per cent in business services.

* Franchising, published by Euromonitor, 87-88, Thamehill Street, London, E.C. 1; price £180.

Survey finds increase in young home owners

BY CLIVE WOLMAN

THE AVERAGE age at which British people buy their first homes is lower than in most other industrialised countries.

An international comparison of house-tenure patterns published today in the Building Societies Association Bulletin shows that in 1982 - the latest year that figures are available - 39 per cent of households in Britain where the head was under the age of 25 were owner-occupied. The proportion of owner-occupiers among households where the head was aged between 25 and 29 was 54 per cent.

No other European or English-speaking country has such a high proportion of young owner-occupied households.

In contrast, households in Britain where the head was over the age of 45 were less likely to be owner-occupiers than similar households overseas. Among the

65-plus group, Britain has one of the lowest proportions. The bulletin says this discrepancy indicates the pace of the trend towards owner-occupation in Britain during the past 25 years.

However, the bulletin says "owner-occupation is not an ideal tenure" for younger households, which are generally more transient.

Mr Mark Boleat, deputy secretary-general of the association, whose members might be expected to support an increasing owner-occupied (and mortgaged) sector, said the survey gave powerful evidence in favour of the recommendation of the inquiry chaired by the Duke of Edinburgh that there should be a greater market in the rented-housing sector. The inquiry linked this proposal with another to abolish tax relief on owner-occupiers' mortgages.

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MANAGEMENT

AFTER 10 years of fast growth, culminating in record sales and profits in 1984, BMW (Bayerische Motoren Werke) appeared to take a tumble in the first quarter of this year.

Sales of the group's sporty, up-market cars in West Germany plummeted by 34 per cent compared with the same months in 1984. Registrations dropped in other markets—but not at quite the same rate—so BMW's share of total West European car sales in the first quarter fell from 3.3 per cent to 2.6 per cent.

This sparked off some obvious suggestions that BMW's advance has at last been halted, mainly at the hands of its old rival, Daimler-Benz, the Mercedes group, but also by the volume car producers which have introduced many new luxury and sporty cars to their ranges in the past year or so.

IF BMW's growth has stopped, the timing could not be worse. It is spending more than DM 1bn (\$260m) substantially to expand car assembly capacity at Regensburg in Bavaria, where a new plant is due to start up next year.

BMW insists, however, that the setbacks in the early part of 1985 will be short-lived. "We are now preparing ourselves for a new phase of growth in our corporate history," says Eberhard von Koenig, the sales director.

"During the growth years of the 1970s and early 1980s we concentrated on building up a worldwide sales organisation and on new products. BMW was a Bavarian car company 10 years ago. Now it is a worldwide organisation."

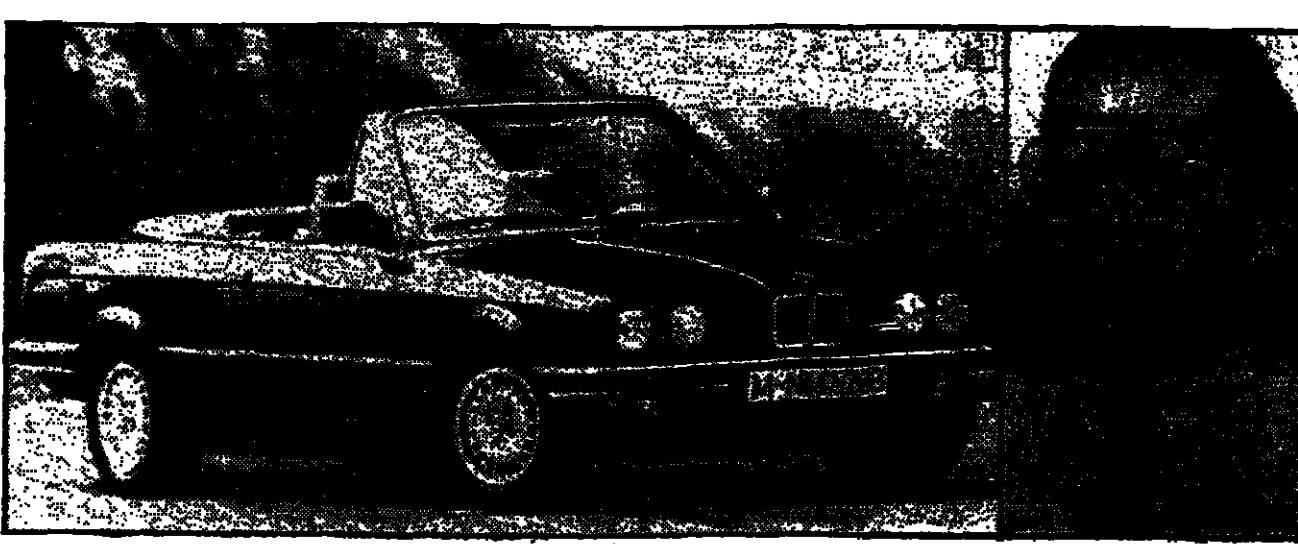
Part of its strategy in that period was to take over its import companies in the most important foreign markets in order to have more flexibility of approach and control over sales and marketing policies worldwide.

As part of its new approach, BMW will:

- Place less reliance on its small cars, the 3-series models, for volume increases to avoid as far as possible clashing with the volume producers;
- As part of this process upgrade the specification of all the 3-series cars;
- Place less reliance on the U.S., the group's major export market, but make a determined effort to build market share substantially in West Germany;
- Speed up its investment programme;
- Split the research and development operations.

Von Koenig insists that the strategy changes have been in the pipeline for some time and are of no more a reaction to this year's falling demand.

Nevertheless, some German observers have suggested that Daimler-Benz—whose sharp



Eberhard von Koenig broadening the appeal of the 3-series. This 325i convertible is diesel-powered

Why BMW is untroubled by a dent in its market share

Kenneth Gooding reports on the ground being laid by the West German motor group

improvement in market share in the first quarter of this year matched BMW's fall—was making progress at BMW's expense because the 3-series and mid-sized 5-series models, although introduced within the past four years, were hardly changed from their predecessors and now look old-fashioned.

Daimler-Benz has two new models, a mid-sized car which replaces the 200-series, and the "small" Mercedes, the 190, which enables D-B to compete head-on with BMW's best seller, the 3-series.

Von Koenig insists that the debate about BMW's styling takes place only in Germany and Italy. In the majority of markets our typical and timeless BMW styling is 100 per cent accepted. We are seen as not following the current 'designed in a wind tunnel' approach of other manufacturers."

He also claims that the criticism stems mainly from young people who cannot afford to buy BMW cars. "We are concerned if youthful people don't support us—we are a company with products aimed at youthful consumers. But the people of 20 to 30 years old are the new style can't afford to buy the 5-series they criticise. We must balance their comments with the opinions of

people who can afford to buy the cars. "Changes we have in the pipeline will be ready when those who criticise today should be in a position to buy our cars."

Von Koenig suggests that BMW's relatively poor performance in West Germany in the first quarter was entirely due to the uncertainties about what type of emission controls will be required on new cars.

General Motors (the Opel group) and Ford also suffered badly, he points out, but D-B was less affected because it had diesel-engined 190 models available (many Germans consider diesels to be more "friendly" to the environment than petrol engines). The 3-series does not get its Austrian-built BMW diesel until the autumn.

The Mercedes 190 poses no insuperable problem for BMW, he insists. "BMW's concept of the sports compact, quality car is now 15 years old and it is a winner. So we must expect others to follow. It was a natural development and we expected it."

Von Koenig readily admits that BMW's car sales have reached a plateau for the time being. "But it is not induced by market demand, it is capacity caused."

Output from the assembly

plants in Munich and Dingolfing, also in Bavaria, this year should reach 450,000 cars, up from 432,000 in 1984, when 23,000 were lost because of the seven-week shutdown caused by the metal workers' strike.

This year's planned output is well above the nominal capacity of the two plants though the pressure will be relieved gradually when the Regensburg facility comes on stream next year. This third plant will lift BMW car output to an annual 550,000 when it is in full production in 1988 and permit more market niches to be filled by the 3-series range.

In addition to a diesel version, a convertible 3-series, a four-wheel drive model and a top-of-the-range 325 model are all to be introduced at the Frankfurt Motor Show next month.

The diesel is the most important for increased volume, but the other versions all have an important role in expanding the attractiveness of the 3-series. Says von Koenig: "We are broadening the appeal of the 3-series but are not trying to appeal to every part of the market."

Actually, it is an important part of the corporate strategy for BMW to reduce its dependence on the 3-series which last year accounted for no less than

65 per cent of its car sales.

In five years' time von Koenig wants the small cars to represent about 50 per cent of total registrations. There will also be a perceptible shift upwards in the specification of the 3-series models.

In order not to have too many eggs in one basket, a decision has been taken that in future no export market will be permitted to account for more than 15 per cent of total annual car production. The impact for the foreseeable future will be felt only in the U.S. BMW sold 71,000 cars there last year.

It has been widely anticipated that BMW aims to reach 100,000 in the States but von Koenig maintains: "The present level is more than enough. One hundred thousand would be more than 15 per cent of our expected annual output for many years."

The prospect of protectionist measures against European car imports in the U.S. influenced the decision to some extent. While BMW is certain that no such moves would be made during the life of the present Reagan administration, it cannot be so sure about what might follow.

There is much room for BMW to expand in its domestic market, however. BMW's past policy has been to aim for a West

German car market share of around 6 per cent in the belief that any higher penetration might disturb the image or encourage it to project.

Dr von Koenig maintains that a market share of "anything up to 10 per cent" would now be acceptable. has 12 per cent of the market and, even with all those Mercedes taxis, is still considered an exclusive product. So BMW has a fair amount of room for expansion."

BMW will also be speeding up its product development programme and has some catching up to do. The engineering workers' dispute caused a delay of about three months in BMW's planned capital expenditure programme. Investment fell from DM 800m in 1983 to DM 670m last year. To compensate, spending will be boosted to DM 1bn in 1985.

About DM 800m has already been allocated over the next few years for a new engineering centre to be built in north Munich. This will be the physical manifestation of another important change of tack by BMW.

The company is in the process of splitting its research operations from the development functions. The move was instituted by Hans Hagen, science and research director, who points out: "There is so much going on in the way of legislation which puts pressure on car development—things such as the emission control rules—that it is better to separate research. With so much pressure on the development functions because of politics as well as normal needs, there is the danger that research might be squeezed."

To ensure essential long-term research will remain available to BMW, a new "W" department (for Wissenschaft, or science) is being formed. "But we have no intention of setting up an academic institute—all the work will be product-oriented."

BMW spends roughly 5 per cent of annual turnover on research and development and the W department will qualify for 15 to 20 per cent of the available money.

The W department will look, for example, at the development of engines to use alternative fuels (hydrogen, alcohol, electricity) at fuel economy with much emphasis on electronics and as well as the future structure of car bodies and production technology.

Dr Hagen adds: "As we have no clear idea of the future it will be up to the W department to design a very wide range of models so that near the time they are needed we can select appropriate models for the development people to work on."

Setting up in Japan

'Look for a man who is tired of golf'

An entrepreneur uses an assumed name to tell Carla Rapoport of some do's and don'ts to be heeded by foreign companies

KOJI SATO, one of Japan's best-known entrepreneurs, was bored out of his mind. He had spent the morning explaining another large American company that, no, he would not help them to set up their Japanese organisation, and yes, he was fairly sure their current business plan would flop.

Now in his sixties, Sato leaned back in his chair and polished off a large beer. He has seen the failure scenario so many times that he can reel it off without a pause.

"A large American firm will send out one of its top marketing men. He will find a nice house, get a car, driver and a spacious office in Tokyo. Then he goes head-hunting. By this time he's lonesome for some American colleagues, so he hires a number of young Japanese who have been educated in the U.S."

"Unfortunately, these men just don't happen to be the brightest of people. They know that working for an American firm means they may be fired at anytime, especially if the firm has had a bad quarter. So they stimulate sales through kick-backs and tell the boss that is the way the Japanese do business. They also lean heavily on their former company accounts and end up with lots of sales and no profit."

Sato orders another beer. "So, after two years, the head office says, 'OK John, it's time to come back.' He says, 'Yeah, it really is a maze here, impossible place to make money. Let's forget it.' And he goes home."

"Take a look at Northern Telecom," Sato says, referring to one of the world leaders in the telecommunications business. "Unlike most companies, they are doing most things right. They are taking a long-term view and making a sizeable investment in their new Japanese operation. But they are now going to people at companies like Fujitsu and offering higher salaries and good bene-

fits. I can tell you, the Fujitsu people will just laugh."

So, on behalf of all the Northern Telecoms, Sato asks Sato for his success scenario. A distant look appears in his eyes. "Look for a man that is established in his field, a senior man who has just retired and is tired of playing golf all day. Go to him, hire him and say, if you are good enough, we'll make you president of this operation. "After he is established, he will go to his old firm (make sure he doesn't work hard, their former boss will lose face for recommending them to their foreign competitors. Furthermore, if they don't work out, their senior colleague can request that their former company accounts and put them in a less interesting job."

Old school

"These men will join their old friend and feel protected by their more senior colleagues. If they don't work hard, their former boss will lose face for recommending them to their foreign competitors. Furthermore, if they don't work out, their senior colleague can request that their former company accounts and put them in a less interesting job."

"Once you have established a top level, then you work your way down. Here the old school system can be used. Go to the best graduates and offer them a chance to go to Europe, the U.S., anywhere. But make sure they know that their desk in Japan is assured. Otherwise, they might swap you for another foreign firm."

The trick, he says, is to work from the top down, not the other way around. Further, the identity of the firm must be Japanese, or the top Japanese will be reluctant to work for it. The process takes a long time, he says, but patience, he claims, will be rewarded with profits.

TECHNOLOGY

EDITED BY ALAN CANE

Plastic cards set to tackle problem of soccer thugs

BY JANE RIPPETEAU

FOOTBALL violence and the British Government's call for identity cards for supporters has spurred a mad scramble among suppliers of coded card systems. Their solutions run from the mundane plastic identity card to high-security magnetic strips to at least one question mark—the sports miniature holographs.

"There are a whole host of proposals," says Christopher Childs, a marketing manager of the Football League. "Every computer company and its dog has come up with an ID card scheme." The all-time a potentially huge market; it is estimated that of a total 22m attendances, there are 5.7m individuals who go to professional football matches each year in England and Wales. The Home Office would like every one of them to possess an identity card.

Last week, League officials reviewed several of the proposals for card systems. With the Football Trust, which funds improvements to grounds, it is due to report its findings to the Government in the first week of September. It is unlikely that a card system will be in place by the beginning of the 1985-86 season on Saturday.

So far, none of the schemes proposed appear to solve several basic problems worrying the Football League. Chief among them is the problem of issuing cards to people who decide on the spur of the moment to attend a game, or to the people who attend infrequently and might balk at having to pay for a card they would use only a few times. Says a Football League official:

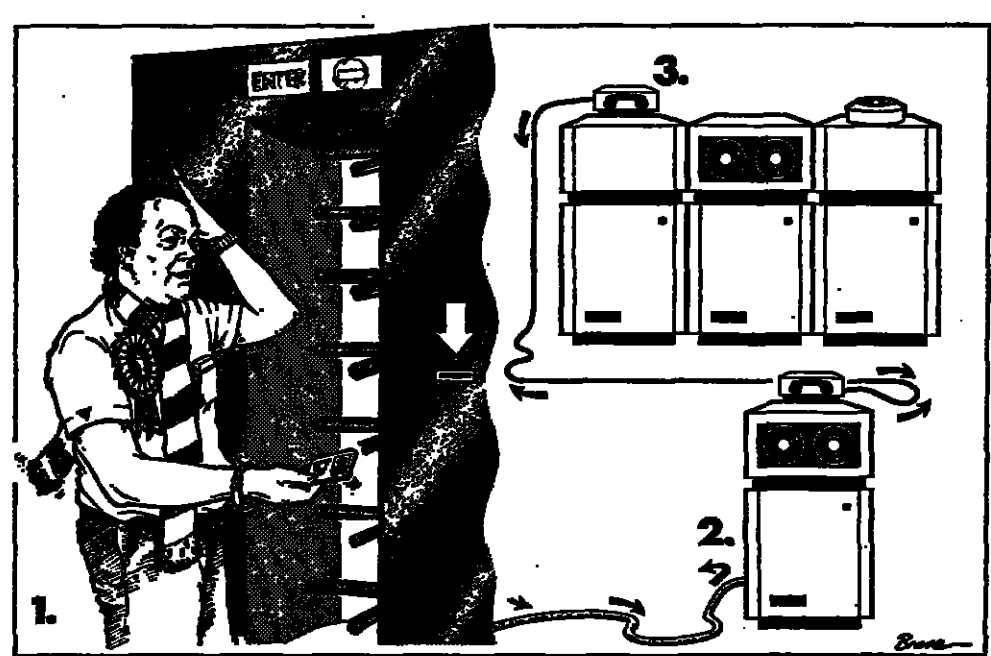
"Obviously, there could be a considerable number of people who will be frightened away at having to get a card."

Another problem involves reciprocity among the 92 clubs in the League. At present, responsibility for crowd control and security lies with each club, and the League anticipates that each will issue its own identity cards to supporters in its area. But problems could result if the technologies of card systems differ. If a fan carrying a specially encoded card from, say, Manchester United, wants to go to a game at Luton, equipment in Luton would have to be able to read a Manchester card.

Thorn EMI Electronics says it has already proposed to the Football League a national computerised system that would eliminate that problem. Mr Mark Knight of Thorn EMI says the company, in a consortium with Sperry and Shorrocks Security Systems, would be subcontractors to a new management company set up to run a football security organisation.

Here is how it would work: A football fan applies through his local club for an identity card. The club could refuse application to known hooligans. Fans who are approved send their application to the management company, which records such data as name and address, ID number, and club affiliation into its central computer, and in return issues a plastic card with a magnetic strip encoded with the person's individual ID number.

Before a game, the central computer feeds a smaller computer at the club where the match will be held the data it



1—Soccer fan inserts identity card at turnstile 2—Club computer checks cards of each team's supporters against blacklist 3—National computer linked by telephone checks cards of neutral supporters

holds on fans belonging to the two clubs in the match. This is done over telephone lines. Arriving at the game, a fan inserts his card into a reader at or built into the turnstile, and his name is instantly compared against a blacklist in the club-house computer. Fans from clubs other than the two in the match might be asked to use a separate entrance, as their cards would have to be checked base through the central computer.

Thorn EMI admits that this arrangement would, however, eliminate all casual fans who had not arranged for a card in advance.

Sperry, which will not confirm that it is part of the Thorn EMI consortium and says that it is negotiating with several possible partners, would supply the central computer, small computers at each club and the networking software to connect the system. Marketing manager Garick Fraser says the main computer could cost between £2m and £4m, and the club computers under £15,000. Shorrocks

would supply the turnstiles, and Thorn EMI the plastic cards. Both Sperry and Thorn EMI are proposing the programme be funded by charging £5 a year for each card.

Security experts are critical of magnetic cards because they may be vulnerable to alteration. On some, a magnet wiped across the magnetic stripe can remove encoded data, making way for false data to be newly encoded. But Thorn EMI says its cards are safe from such counterfeiting because its patented "watermark" technology embeds magnetic particles in a certain pattern that cannot be altered by a magnetic force.

A host of competitors are proposing less costly systems. Applied Holographics in Braxford Park, Dr Simon Brown, research and development manager, believes that identity cards authenticated with holograms could be sold for about 85 pence apiece and could be checked easily by sight without expensive card-reading turn-

stiles. He believes his system would be secure because the holograms could not be copied.

"We've come up with a solution that's simple and cheap," says Dr Brown. A hologram could be read a glance even "by a 70-year-old gatekeeper on a dull October night." The gatekeeper, of course, would be merely checking the card, not comparing it against a computer listing.

Brentford Football Club has already launched an identity card system. For a £2 fee, a fan will get a plastic card with the club name, access to fixed-price seats throughout the season and entry through special members-only turnstiles. None of the systems can combat theft of a legitimate card.

Whatever the prospects for cards, the need for some kind of control is clear. In the 1984-85 season, there were eight injuries into violence, and 18 clubs were charged with taking inadequate precautions to prevent it.

Networking service for industry launched

BY DAVID FISHLOCK

INTEGRATED Business Communications of Windsor is one of about six small UK computer companies breaking new ground by offering specialised networking services to large companies.

These services, value added networks, provide companies with computer communication between its various offices, works and depots. Services include electronic mail, distributed computing and data access to data bases specialising in financial and economic news.

IBC will soon be operating its first network on behalf of Sperry, a company that itself specialises in networks. The nine-node network, centred at Aylesbury, Bucks, will use a Sperry 1100/72 computer and will span about two-thirds of the business of Britain, says Mr Don Atkinson, chairman and managing director of IBC.

IBC was set up in 1980. Atkinson, a computer engineer formerly with IBM and Lyons Computer Services, calls the network "a vehicle on which our superimpose services."

He likens it to the way a private message is sent by being stored, acted upon or multi-addressed. The service is offered via public or private network facilities, or a combination of them.

IBC's main product is its IDACK, a range of advanced integrated data communications products, launched in London last month. They offer, three services and the ability to switch automatically from one to another. A single terminal can receive all three kinds of message. Moreover, it is faster, more reliable and error-corrected, Mr Atkinson says.

A consultant brought Mr Atkinson together with Mr David Crofts, managing director of Sperry, who asked whether IBC had thought of using IDACK in a value-added network. He suggested an "arm's length contract" in which IBC would build its first value-added network on Sperry property, and provide Sperry itself with

internal communications—a third-party network management contract worth £250,000 to IBC for the first year in service.

Armed with this contract, IBC is raising another \$700,000 from institutions in order to market its network.

As David Crofts sees it, the computer industry has failed to tell its customers what decisions have to be made in building networks and what solutions may work. "The issue has become confused because customers are sometimes led to believe that the situation is much simpler than it is."

IBC is offering to undertake other people's communications, an activity for which quality of service and support are paramount.

Mr Atkinson says: "We can make a lot of money."

mount, Mr Atkinson says. The value added network itself is not exclusive to any one customer. The initial nine-node network has been designed to fulfil the requirements of its first customer but expansions are readily super-imposed.

IBC is negotiating for the communications of a national retail chain which is vertically integrated from manufacture to point-of-sale, and would require a further 22 nodes superimposed on the present network. In theory, it is willing to consider any communications service except live voice, the monopoly of British Telecom in the UK.

Mr Atkinson still has ambitions to build an international value added network.

The good news is FERRANTI Selling technology

New safety device for deep divers

DIVERS involved in construction and maintenance of oil and gas platforms in deep waters in the North Sea may be helped by a new range of safety equipment produced by Dräger, based in Chemnitz, East Germany.

The company says its new products should be especially suited to people diving to about 300 metres below the surface and a hyperbaric chamber used for the rescue of divers while they are undergoing decompression.

Despite advances in automatic rescue for jobs such as inspection of rigs, Dräger believes that divers will continue to be needed for many of the routine tasks in deep waters such as in the Troll, Oseberg and Hortenbanken fields.

Aid to computer compatibility

A SOLUTION to computer incompatibility has been developed by a Sussex-based company.

InterMedia's multi-media converter can read disks from almost any computer, and then generate disks which may be read by almost any other computer.

In Sweden, for example, the banks were keen to accept payroll data and other financial dealings direct from the customer's computer. The MMCO made this possible.

Another important application is in printing, where text may be taken in on a disk from a word processor and type set very quickly without having to re-type and re-set it.

The system is based on a personal computer.

CROSSED LINES and the Data Protection Act have forced doctors to work out foolproof ways of sending clinical data along telephone lines.

The pressures of emergency and out-of-hours work and the immobility of patients are encouraging doctors to use micro-computers to gain access to hospital databases for clinical information. In addition, staff shortages are forcing laboratory doctors to consider remote control of equipment.

The rub is that the quality of

Foolproof communication for doctors

telephone lines is not good enough to allow clinical data to be transmitted accurately and securely. Imagine, for example, a situation where a diabetic's blood sugar content appeared 10 times too high because of a misplaced decimal point, or if the results of cervical smears or blood tests were corrupted to the extent that cancer went

unnoticed.

Accuracy is not the only problem. Under the 1984 Data Protection Act, transmission and storage of clinical data must be kept secure. If a patient suffers because his clinical data is destroyed, disclosed or corrupted, he or she would be entitled to compensation.

In an effort to resolve these

problems, Dr Nigel Harding, consultant biochemist at the John Radcliffe Hospital in Oxford, and the Somerset-based company, DataSoft set about producing suitable communications software.

The outcome was two products that were released last February—DataCode, which uses encryption and DataTalk,

which does not. They work by using special algorithms which provide error-detection, error-correction and encryption all in one package.

What about data accuracy? When data is sent over telephone lines, the DataSoft programme scans it, asks for retransmission if necessary and if a value still falls outside accepted limits (for example blood sugar levels) it will be flagged for manual inspection by an expert at the data's destination.

IAN HARPER

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Some lessons for teachers

IT IS time Britain's state teachers began to think in terms of compromise rather than confrontation. So long as Sir Keith Joseph, Education Secretary, was unwilling to say how much money was available to finance the restructuring of the profession, the teachers could rely on a great deal of public sympathy. Teachers are not well paid, taking home, as some wag put it, slightly less than a train driver and slightly more than a deck hand. Their pay has fallen sharply relative to that of other professional groups in the past decade. Local authorities' "final" offer of a 6 per cent increase this year does not look generous set against the recent massive increases for top people in the public sector or the routine award of 7½ per cent for the police.

However, if classroom disruption continues in the autumn term, as threatened by the National Union of Teachers, the biggest representative body of the employees side, public sympathy is likely to evaporate. When pay issues arise people never forget that teachers work some 25 to 30 per cent fewer hours than everybody else. Moreover, Sir Keith has just used a way over which in most industries and professions would be regarded as exceedingly generous. Partly because of the future over people's pay the Cabinet has agreed to set aside no less than £1,350m—30 per cent of the present wages bill—for the "topping up" of teachers' pay over the next four years.

Opposition

The extra money is promised over and above expected pay increases which are likely at least to keep pace with inflation. The Government is thus proposing a real increase in teachers' average remuneration which will go a long way to restore the differentials which have been eroded over the past decade. The NUT's denunciation of the offer is therefore not justifying. The quarrel is not really about jam today versus jam tomorrow but rather about the nature of tomorrow's jam. If the Education Secretary were offering an extra 20 per cent on basic pay without state aid, phased in over four years, the unions might well be celebrating an unexpectedly sweet victory. It would be worth forgoing an extra 1 or 2 per cent

this year in return for an extra £1,350m thereafter.

Sir Keith is experiencing trenchant opposition and is being made at times to look foolish and ineffectual because he is imposing conditions: unlike his recent predecessors at the Education Department, he is prepared to challenge an unsatisfactory status quo. The state education system is in a mess and Sir Keith badly wants to restructure it. He is opposed by those who see no case for reform.

Sir Keith's position is not dissimilar to that of Mr Ian MacGregor, chairman of the National Coal Board, a year ago. In the face of falling demand Mr MacGregor was saying that productive and unproductive pits must be treated differently; Sir Keith is saying the same about teachers. Both men want to relate pay to performance and market conditions and to have clear terms of employment respected. The Education Secretary is not radical to believe that a successful teacher should be paid more than an unsuccessful one or that if there is a serious shortage of mathematics teachers it may be necessary to pay even a mediocre maths teacher more than a good classics teacher.

Now that the status quo has been challenged only two things can happen. Either, as in the coal industry, the necessary changes will be forced through, or the NUT will ensure the present inefficiencies become even more deeply entrenched. The outcome remains uncertain but the odds are perhaps moving in Sir Keith's favour. The NUT, after all, is in secular decline. It stands to receive the lion's share of the £1,350m but the majority of the "topping up" will go to the Burnham negotiating committee because its membership has declined in the past five years by more than the overall fall in teacher numbers.

Most parents are likely to regard Sir Keith's plans to reward high performing teachers as so much common-sense and the provision of a £1,350m lubricant as generous. Teachers should start to worry less about this year's pay award and more about the future. The way to restore morale and to upgrade pay and the profession's standing is to start negotiating on the basis of the Government's restructuring package.

The test ahead for Mr Hawke

THE ECONOMIC policies introduced in Australia in the last three years by Mr Bob Hawke deserve closer attention from social democrats on this side of the globe—and especially in Great Britain—than they appear to receive. In broad macro-economic terms he has been pursuing very much the same path as both Mr Kimock and the Alliance in this country have advocated—an expansive fiscal policy allied with wage restraint and a pragmatic approach to monetary control, with increasing emphasis on the exchange rate. These policies, as the OECD points out in its latest review of the Australian economy, published today, are very different from those adopted in most developed countries as an answer to stagflation; but so far they have worked very well. The question is how long this run can be sustained.

Of course, the structure of the Australian economy and of Australian institutions are themselves very different from most other developed economies. Most Australian exports are of primary products, and part of Mr Hawke's apparent success is due to a sharp rebound in farm production after the long drought which so hampered his predecessor; so like most effective leaders, Mr Hawke has had his share of luck. Equally the Australian has a tradition of central wage determination, with courts to arbitrate, stretching back for some 60 years. Like all such systems, it has broken down from time to time, but Mr Hawke has been able to draw on an almost unique personal expertise in getting it back to work.

Above all, though, he has so far been on the easy part of the slope. A fiscal stimulus—introduced, it is true, by his very conservative predecessor, but sustained and enlarged since then—has, as might be expected, pushed the current account into heavy deficit. This might well be sustainable were Australia's huge mineral resources still attracting heavy foreign investment, but here there has been no luck.

Australia, on the contrary, is suffering the same recession in demand, prices and investment as other primary producers, and as a result the current account deficit has brought the exchange rate down by some 20 per cent.

The biggest problem now facing him is to sustain a national agreement on wages in face of the consequent rise in the cost of living, and while he is cutting Government expenditure to restore balance rather than introducing further social programmes such as the public health programme which sweetened the first years of his regime. If he can do it, the rewards are great: according to OECD calculations, the rise in inflation from this large currency adjustment could be held to little more than 1 percentage point.

These are, of course, the kind of problems which are likely to beset any government anywhere bent on combined reduction of inflation and incomes policy. What makes Mr Hawke's efforts more risky—and more admirable—are his microeconomic policies, which are near the vanguard of supply-side market economics and very unlike those of other socialist regimes.

Compensation

Australian efforts towards financial deregulation and the reduction of trade protection are in fact consensual, since they follow the lines laid down by two Commonwealth Commissions—the Campbell Commission which examined the financial sector, and the standing commission on trade which annually published the high costs to Australia of its traditional tariffs. However, the energy he is displaying, especially on the financial front, could not possibly have been taken for granted.

In addition, he is now committed to a truly radical effort at tax reform, designed to remove disincentives through broadening the tax base, and possibly through a large switch to indirect taxes. If the unions can be persuaded to accept income tax adjustments as full compensation, then the potential gains in incentive and efficiency should progressively improve the long-term performance of the Australian economy, which has been disappointing in the past. Mr Hawke's policies seem well designed to achieve this prize; the danger may be political. In spite of the OECD endorsement of the policies, the last election results leave a question-mark over what one minister has called a charismatic recovery.

"THERE ARE two schools in this Government," Sr Francisco Dornelles, the Brazilian Finance Minister, said with unusual candour earlier this month. "One wants an agreement now, and the other wants to break with the International Monetary Fund."

For the moment neither camp is strong enough to impose its will on the other. But the balance of advantage is shifting away from the orthodox group around Sr Dornelles in favour of the radicals championed by Sr Joao Sayad, the youthful Planning Minister.

By temperament and political inclination Sr Jose Sarney, the 55-year-old surrogate President, is veering towards the more hardline position on the debt question. But, in the absence of a clear public preference from the President, Brazil is temporarily drifting between these two schools.

Five months after the transfer of power from the military to a civilian, Brazil is personally happy-go-lucky country of 134m people is beginning to recover its natural optimism and bounce.

The social deprivation and downright misery, which deepened markedly in the final years of the military's rule, have not eased perceptibly in any practical sense. But there is a different, more relaxed spirit about: fights abroad during the current, long winter break are packed with holidaymakers bent on enjoying themselves.

Part of the changed atmosphere can be attributed to the export-led economic recovery which began in the second half of 1984 and has been maintained this year. Part is also due to the modest boost in real earnings, putting more spare cash back in pockets.

But much of the credit for the transformation deserves to be laid at the door of the man who was woken up in the early hours of March 15 to be told that the country's popular hero, Tancredo Neves, the serious, ill—and that he, Jose Sarney, was going to be President in his place.

Sr Sarney inherited a coalition Government not of his own choosing, made up of disparate, political elements with little in common other than their participation in the Opposition front which had brought Tancredo Neves to power. His subsequent room for manoeuvre at home and abroad has been closely circumscribed by the overriding need to hold the Democratic Alliance Government together.

The challenge before Sr Sarney, a man of goodwill but no exceptional abilities, would have been even faster, more experienced and skilful of national leaders. As he put it in a nationwide television address last month: "I inherited the greatest political crisis in Brazilian history, the largest foreign debt in the world, and the highest internal debt and inflation we have ever had."

From being a mere surrogate with no political base of his own, dependent on the party barons in and out of Congress from the Democrazia Cristiana, the new President is gradually putting his own stamp on the Government.

As Neves has faded into near-mythology, the contrast that is drawn in the public mind between the outgoing Neves government and the new President is gradually putting his own stamp on the Government.

Among the flamboyant, larger-than-life personalities who still dominate the Hollywood film studios, Kirk Kerkorian stands out for not standing out. The grey eminence behind Metro-Goldwyn-Mayer for the past 16 years, he has rarely given interviews, attracting attention mainly as a celebrity himself, rather than as a manager of financial manipulation.

His decision to sell his 50 per cent stake in MGM/UA to Ted Turner, the Atlanta broadcaster who seems to love the spotlight as much as Kerkorian dislikes it, is regarded as a stroke of genius. He will unload his shareholding for about \$750m, the cost of which will be reduced by a capital gains tax credit. As part of this process he will bequeath about \$500m of debt now in MGM/UA to Turner, while keeping United Artists' film library which contains many Barbara Streisand movies as well as such invaluable assets as the James Bond and Pink Panther series.

Kerkorian has engaged in this kind of asset manipulation ever since he set up business after World War II by buying up cheap military aircraft in Hawaii and flying them back to the U.S. mainland for sale.

His interest in the immigrant Armenian family, he learned to fly during the war and eventually built up the West Coast Trans International Airlines which he sold in 1962 for \$1m. He later bought the company back and resold it, eventually clearing well over \$100m.

The assets were mainly invested in the entertainment industry in the late 1960s, partly in hotels and casinos in Las Vegas and partly in MGM. Later he cleared a nice profit on a large stake in Columbia Pictures, benefiting from a characteristic Hollywood brawl, which ended in the sale of the studio to Coca-Cola.

Meanwhile he tinkered with his MGM stake throughout the past 16 years, expanding into hotels and eventually spinning off the company's hotels and

President Sarney's first four months

Brazil gets back a little of its bounce

By Andrew Whitley
in Rio de Janeiro

The soothing, pacifying style of Jose Sarney has gone down well with the public at large, judging by the favourable opinion polls he has been receiving. The business community, although it would like to see a clear plan of action and would also agree that he is making the right kind of noises: making the fight against inflation a top priority and supporting private enterprise against the encroachments of the state.

The president has even developed a "tough guy" posture in relation to the IMF and the country's creditors, insisting repeatedly that he will not preside over a return to austerity and recession.

In its toughening stance on the debt question the Government is being helped considerably by the fall in U.S. interest rates and declining world oil prices. These two items alone "saved" Brazil's balance of payments U.S.\$700m on original projections in the first half of the year.

Exports are not going as well as in 1984, judged to be an atypical year. They were down by 8.2 per cent in the first six months. But imports, led by oil, have fallen even faster, permitting the official target of a \$12m visible trade surplus in 1985, to appear reasonable.

Foreign exchange reserves meanwhile, have risen modestly to a cash figure of \$80m, equivalent to over seven months' imports.

Bank interest payments, currently estimated at \$10.5m for the year, continue to be paid on the nail. However, in the absence of a formal rescheduling agreement with the creditor bank, the Government is simply piling up in the central bank's vaults, waiting for "phase three" of the Brazilian renegotiations to be settled.

Six months ago, with the aid of the incoming Neves government, Brazil was on the verge of signing a \$45.3bn debt rescheduling agreement, spreading the payments

due up to 1991 over a 16-year period.

The deal was never wrapped up as the IMF abruptly pulled the rug from under the feet of the two sides' negotiators, suspending its lending to Brazil in protest at the flagrant breach of monetary targets agreed by the Figueiredo Government.

In retrospect, there are many in the Sarney Government who are privately thankful to M Jacques de Larosiere, the fund's

ever-cautious managing director.

The absence of a tough, formal IMF programme this year has given the new Government a politically invaluable breathing space to sort out its own priorities and maintain the commitment to growth. With its relatively comfortable reserve levels and exports going quite well, Brazil can afford—for the moment at least—to take a back seat and let other Latin American debtors make the running in getting better terms.

Formally, negotiations are in train for a new stand-by loan from the IMF, estimated at \$1.4bn, to replace the abandoned accord. The loan and its parallel adjustment programme were originally designed to run for 18 months from last July.

But as the talks have dragged on inconclusively, the feeling has grown in recent days that no agreement is likely this year. Any austerity programme agreed with the bank could, therefore, apply only to 1986.

As the strain has come off the Brazilian balance of payments, confidence has grown among the Government negotiators over the country's ability to hold out with the bank creditors for a better deal than the one Sr Neves and his nephew, Sr Dornelles, were prepared to

accept in February.

Meanwhile the creditors are marking time. The "phase two" renegotiation terms, which formally expired at the end of 1984, have been temporarily extended three times already and are about to be renewed again, for a further 90 or 120 days.

For the major banks such as Citibank, the situation is not uncomfortable. Spreads of 2½ per cent are still being paid on

brave finance minister to push through the sort of conditions the banks would like to attach to their rescheduling package.

Unofficially, there is already talk within the Government of scrapping entirely the multi-year rescheduling concept, restricting a new agreement with the banks to the maturities falling due in 1986 and 1987.

This idea has the advantage of allowing the Sarney Government to get through the two rounds of elections and then take stock of the political scene, before entering into any longer-term commitment. Another proposal currently being tossed around would involve cutting the number of years' debt repayments to be rolled over from the currently planned six—covering 1985 to 1991—to four, the expected life of the Government.

Into this bubbling pot of ideas the young Turks in the Planning Ministry want to add another ingredient highly distasteful to the banks: "new money" loans. Their argument is based on the fundamental premise that Brazil, as a developing country, has to maintain its growth rate and tackle those sectors which have been neglected in the past. Backed by the President, Sr Sayad is, in addition, pushing hard for a massive switch of Government resources away from industry and physical infrastructure into needy social areas such as health, public housing and the fight against crime.

A national development plan, to be formally unveiled next month, is expected to spell out in detail the extent of this shift. But its philosophical base has already been laid out in speeches by President Sarney and his Ministers, including the recently more subdued Sr Dornelles.

A new push is to be given to the privatisation of many of the hundreds of productive companies owned by the Government. In addition there is the general elections for Congress and state governments are due in November 1986. In such a climate it would take a

video to the private sector to

enter areas of the economy previously deemed to be a preserve of the state.

The chief obstacle in the way of the growth scenario, as the increasingly influential Planning Ministry officials and their allies among the President's own aides see it, is the massive transfer abroad of resources that Brazil is expected to make over the rest of the decade.

Between 1986 and 1991 Brazil will be obliged to pay foreign banks \$64bn—over a quarter of its annual gross domestic product—if it goes along with the rescheduling agreement currently on the table. Of this total, \$55bn would represent interest.

So far Sr Dornelles, nominally the chief debt negotiator, and Sr Antonio Carlos Lemgruber, the Central Bank Governor, have resisted the pressures from their colleagues to press for "new money" from the banks. Such a demand, they say, would be bound to fail and upset the entire negotiations.

To this the hardliners reply that even if Brazil achieves its \$12bn trade surplus this year, its net international reserves—as opposed to the gross cash figure—are likely to fall to only \$2.5bn by December—making the country dangerously vulnerable to pressures from the creditors.

The biggest achievement on the economic front for which his government can claim credit is the breaking of expectations on inflation. Although the rate is still very high—an annualised figure of around 220 per cent—at least it is drifting down rather than shooting up, as had been expected.

For his part, President Sarney is probably well satisfied with what he has achieved so far. He has avoided most of the pitfalls in his way and his growing confidence is mirrored in his increasing public stature.

The rigours of Brazil's debt problem have, meanwhile, been pushed away: not out of sight, but into 1986. And that, as most short-sighted Brazilians would cheerfully assert, is another year.



says. They were known as Ticklers. Cost of the tobacco, 2s 6d (12½p). The issue was two 4½ tins of tobacco per man a month and you rolled your own.

"Self-extinguishing they certainly were," says Kelly. "It was quite usual to use two or three matches in order to smoke one cigarette through."

Surely, he concludes, the cigarette recipe is still gathering dust in Admiralty archives. Its resurrection might save a lot of money that would otherwise go in research.

Cube roots

Apart from the 40th anniversary of the end of World War Two and the dropping of the atom bomb, 1985 is the 75th anniversary of the Oxo cube. Brooke Bond Oxo tells me that the company is not planning any lavish celebrations, although it has done pretty well out of the little brown liverer, but it is putting out a commemorative book and it is on sale to the public at 75p in November under publishers William Collins' label.

Full marks for whoever chose the title Tackling Stock.

Observer



Quality in an age of change.

'There is much to play for'

Lombard The Bank and its critics

The Blue Box System of Container Shipping



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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Monday August 12 1985

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BI-Invest seeks to block Montedison

By Alan Friedman in Milan

THE long-running corporate battle between Montedison, Italy's chemical group, and the BI-Invest financial and property company which is trying to take over entered a new phase at the weekend when it emerged that BI-Invest had gone to a Milan court seeking to block Montedison.

The BI-Invest court action comes just a few days after the company agreed to sell 14.9 per cent of its total 17.4 per cent stake in Gemina, the financial vehicle which is controlled by Fiat, Pirelli and others and which is Montedison's single largest shareholder. BI-Invest is to receive £100m (\$52.7m) from other Gemina shareholders for the 14.9 per cent stake.

The corporate battle started early last month when Montedison, the chemicals group with £4,300m of debt, paid £250m to stock market raiders for a 37 per cent controlling stake in BI-Invest.

This share swoop gave Montedison a larger holding in BI-Invest than the 30 per cent held by the family of Sig Carlo Bonomi, BI-Invest chairman. It also meant that Montedison, in controlling 37 per cent of a company which held a stake in Gemina, indirectly controlled shares in itself.

BI-Invest is not only retaining a 2.5 per cent stake in Gemina but also recently spent £400m to take a direct 2 per cent stake in Montedison in order to block Montedison's voting rights.

Until news of the court action by BI-Invest - under which Sig Bonomi is asking the court to declare Montedison's purchase of 37 per cent of BI-Invest illegal - it seemed as though the affair was heading for a resolution.

The accepted wisdom in Milan financial circles was that Montedison would eventually make an offer for the Bonomi family shares in BI-Invest.

Japanese investors keep the Euromarkets rolling

BMF Bank bond average	
Aug 9	Previous
104.559	104.894
High	1985
104.554	Low
	99.840

THE importance of Japanese investors in the Eurobond market can hardly be over-estimated, writes Maggie Urry in London.

Last week IBM, one of the stalwarts of the bond market, had good reason to be grateful to those buyers who provided funds at cheap rates through two issues.

The first deal, a "sushi" bond, which can be sold to Japanese institutional investors without adding to their holdings of restricted foreign bonds, gave IBM \$100m at a cost of about 25 basis points less than the yield on U.S. Treasury securities. Even so by the weekend the bonds were trading well around their selling concession.

The second issue was a European dual-currency deal which, according to the book-runner Nomura International, gave IBM even cheaper funds. IBM's was one of four such deals launched last week.

These deals are all swap related and have given the borrowers fixed-rate funds at rates well below U.S. Treasuries and floating-rate money at least 50 basis points under London inter-bank offered rates, say swap experts. Such borrowing costs are irresistible, and many more

such deals are expected to come this week.

It has been popularly believed that these issues are sold entirely to Japanese investors - keen to acquire the higher yen yield available from these than from straight yen bonds. While this is true of some issues, Nomura was claiming last week to have discovered a sizeable pool of demand for the paper outside Japan too.

These investors require a high yen income but do not want a yen exchange risk on the redemption amount. With the bonds well placed, no trading in them is seen in the Euromarkets.

Even so Japanese buying of foreign bonds has been at record levels in recent months, and the Eurobond market, as well as the New York bond market, could be hard hit if this buying dried up. Already last week syndicate managers were noting less response to sushi deals, despite the increasing yields being offered.

However, there were tentative signs that European retail investors were beginning to buy bonds again. But activity is still at a low level, and investors are still wary of buying dollar bonds given the uncertainty in the exchange markets.

The first plain-vanilla issues of Eurodollar bonds from U.S. borrowers for three weeks were launched, with Citicorp and United Technologies making their appearance towards the end of the week when the U.S. Treasury market was picking up after the auctions. Although both got off to a poor start, by Friday's close they were trading close to their gross commissions.

The recovery is still fragile, and the outlook for U.S. interest rates as well as the currency remains unclear. But the tone of the market has undoubtedly improved.

Convertible issues continue to attract good interest with Comcast's deal priced overnight on Thursday at the low end of its coupon range and the top end of its conversion premium range. Comcast, a rapidly growing cable television group, has

EUROMARKET TURNOVER			
Turnover (\$m)			
Primary Market	Securities	Comm	Other
U.S.	305.8	117.9	1,222.7
U.S.	2,322.7	34.3	1,221.4
Other	1,343.1	90.7	4.7
Other	1,359.4	84	33.1
Secondary Market	U.S.	14,765.3	857.5
U.S.	15,805.3	1,147.3	10,254.7
Other	4,130.7	120.8	883.5
Other	3,909.9	73.2	536.6
U.S.	14,765.3	857.5	1,471.7
U.S.	15,805.3	1,147.3	1,088.3
Other	4,130.7	120.8	1,454.7
Other	3,909.9	73.2	536.6
U.S.	14,765.3	857.5	1,471.7
U.S.	15,805.3	1,147.3	1,088.3
Other	4,130.7	120.8	1,454.7
Other	3,909.9	73.2	536.6

just called its earlier convertible, issued in 1982, which could buy into the shares at a price of \$8.50. The stock was standing at \$18% when the new deal was priced. Just in case that performance is not repeated, investors can escape after five years through a put option at \$18.25 to give a 9.99 per cent yield. There was strong demand for the paper, and congratulations go to the lead manager.

The convertible deal for Rockefeller Center Properties drew some criticism. Investors can convert into shares of the new company, which will own 60 per cent of the famous New York building, but only at the maturity date - December 31 2000.

The property market is notoriously cyclical, and who knows whether that date will fall during a peak or trough. The reasoning behind the ban on earlier conversion is that, as the conversion price is at a discount to the expected stock price, investors would immediately convert if they had the chance.

The publicity campaign, however, was working well last week and both parts of the issue were trading close to issue price.

Quadrax Securities was last week

taxpayers who would be taxed each year on a theoretical income from the bonds.

Only the bond based on the £100m redemption payment of the Treasury 15% per cent 1988 stock was attracting much interest, and it traded above its issue price. But the yield is much lower than the yield on gilts.

It is hard to see if it would be possible to repack a gilt into stripped bonds at an attractive yield (ignoring the tax problems) and pay the lead managers a good profit on the business.

The Euro-Australian dollar bond market was picking up towards the end of last week - a week when only two deals were launched. Only a few months ago that would have been a busy period. On Friday, Bankers Trust even increased its issue for Den norske Creditbank from A\$50m to A\$70m even though it had been trading outside the fees. It picked up despite the rise.

More deals are likely. The issues from the West German banks are now largely placed - with Deutsche and Dresdner's issues trading well above par. So an issue from a West German or Austrian bank is on the cards.

CIBC's Canadian dollar issue, launched on Friday, could also be the first of a few.

CSFB-Effektenbank showed last week that it could not only lead manage D-Mark issues for borrowers other than its parent, but it could bring a successful floating-rate issue to a market which has been quiet since the initial liberalisation flurry. The deal for Belgium was still trading close to par on Friday night.

The fixed rate D-Mark Eurobond market has seen more buying than for some time, and prices gained 1 to 1½ points last week. Dealers are now almost sure that the Bundesbank will cut its discount rate this week. The only new issue last week - for the EIB - was trading above its issue price. Even the South African bonds were picking up as investors looked into yields above 9 per cent.

The Swiss franc foreign bond market had a less exciting week, with prices up a ¼ to ½ point. Here too, hopes are for lower interest rates and a more active market when the holiday season is over.

Long-running Dallas mystery unravelled by American Airlines

THE EUROMARKETS' own long-running Dallas mystery was resolved on Friday with the award of a mandate by American Airlines, which is based in that Texas city, for a \$300m underwriting facility, writes Alexander Nicoll in London.

The deal has been taxiing for months amid uncertainty about the pilot's identity. As confusion reigned on Friday afternoon, banks said to be involved were remaining tight-lipped.

Bank of America has been appointed lead manager. Mr Jack Pope, the airline's senior vice-president for finance, disclosing the mandate, said that Bank of Montreal and Sumitomo Bank were expected to be appointed as co-managers. American's quest had been for

one bank as lead, he said, and there were "six to eight real contenders."

The seven-year facility will provide the company with a range of methods to issue short-term paper both in the U.S. and in the Euromarkets. It will include a tender panel mechanism. Though Mr Pope said terms had not been fixed, he expected the interest margin to be around one-eighth point above London interbank offered rates (Libor) and said he would be disappointed if the facility fee were above the 10 to 12% basis point range.

The facility is a standby, not designed for immediate use. At end-June, American had a \$1.6bn cash surplus, Mr Pope said, but it has an \$80m capital spending programme between now and 1991. With the se-

ga now about to enter the final chapter - syndication - Mr Pope also denied past suggestions that American had attempted to "fly solo" arranging the backstop itself without recourse to lead managers.

Financing for transport of a mere old-fashioned kind, but one which has sparked a much broader political controversy, was the subject of two mandates by the Republic of Turkey. Japan's cheap financing offer for the second Bosphorus bridge raised hackles in the UK parliament because it helped a Japanese-Italian consortium to win the \$550m contract over a rival British bid.

The other half of the financing, covering non-Japanese participation in the project, has been mandated to a group of nine banks in-

cluding Chase Manhattan as financing adviser to the contractors, which include Italy's Impregilo.

The banks will head a \$150m loan for Turkey over seven years at Libor plus 1½ per cent with a ¼ per cent commitment fee. With the guarantee of SACE, the Italian export credit agency, Turkey is raising a second loan through the same group on tighter terms. This \$113.8m loan is for 13 years at Libor plus ¾ per cent with a ¼ per cent commitment fee.

The political tensions no doubt made the composition of the group a sensitive matter. There are two from the Middle East (Arab Bank Ltd and Burgan Bank), three U.S. banks (First Chicago, Maryland National and Chase) and four Italian

(Banco di Napoli, Banco di Roma, Istituto Bancario San Paolo di Torino and Monte dei Paschi di Siena).

Boral, the Australian building materials group, is arranging a \$200m GRUP - global revolving underwriting facility - which is only half underwritten. The seven-year facility is mandated to Merrill Lynch, National Australia Bank and Westpac Banking. The underwritten half may be issued as Euro or U.S. commercial paper, with an issuer-set margin for Euro-paper and participating banks having the option to take up to two thirds of each issue. If this \$100m is fully drawn, the remaining half may be issued only as Euro-commercial paper with Merrill as dealer. It is also dealer for any U.S. paper issued,

which will be backed by letters of credit from the two Australian banks.

Boral's terms are a maximum spread of 0.15 per cent over Libor, an underwriting fee of 0.125 per cent, and a counter-support fee for the U.S. paper of 0.1 per cent.

Italy's Montedison has mandated Citicorp Investment Bank to arrange a \$100m facility fully backed by a committed revolving credit. The three-year facility will have tender panels for Euronotes, advances, or bankers' acceptances. The backstop has a ¼ per cent facility fee, interest at Libor exactly, and utilisation fees rising to 0.3 per cent if the backstop is more than two-thirds drawn.

Elsewhere, a refinancing deal is

believed to be in the pipeline for Belgium. Pakistan has awarded a mandate to five banks for a \$150m five-year loan at ¼ over Libor for two years, rising to 1 per cent, with a ¼ commitment fee.

Chile's \$1.1bn bank loan was said to be between 80 and 85 per cent committed, and 80 per cent promised, as it approached a weekend deadline. And despite President Fidel Castro's calls for debt repudiation, Cuba's \$80m bank rescheduling was proceeding in orderly fashion.

In Ecuador, President Leon Febres Cordero authorised a \$200m 10-year loan from a consortium of foreign banks led by Lloyds Bank International. The loan is due to be ratified in New York on Wednesday.

All of these Securities have been offered outside the United States. This announcement appears as a matter of record only.

New Issue / July, 1985

U.S. \$100,000,000

National Australia Bank Limited
(Incorporated in the State of Victoria, Australia)

Floating Rate Notes Due 1997

Salomon Brothers International Limited	Credit Suisse First Boston Limited
Banque Bruxelles Lambert S.A.	Banque Paribas Capital Markets
Citicorp Investment Bank Limited	County Bank Limited
Dresdner (South East Asia) Limited	Manufacturers Hanover Limited
Mitsubishi Finance International Limited	Mitsubishi Trust & Banking Corporation (Europe) S.A.
Morgan Stanley International	National Australia Bank Limited
Orion Royal Bank Limited	Swiss Bank Corporation International Limited

These Bonds having been sold outside Canada and the United States of America, this announcement appears as a matter of record only.

New Issue

August 1985

FirstCity

FirstCity FINANCIAL CORPORATION LTD.
VANCOUVER, CANADA

Bonds of 1985 due 1993/95
Interest payable in Swiss Francs at the rate of 7¼% p.a.
on the aggregate subscription price of

Swiss Francs 130 000 000

SODITIC S.A.	BANQUE PARIBAS (SUISSE) S.A.
AMRO BANK UND FINANZ BANQUE GUTZWILLER, KURZ, BUNGENER S.A.	BANK HEUSSER & CIE AG KREDIETBANK (SUISSE) S.A.
Bankers Trust AG	Banque Scandinave en Suisse
BKA Bank für Kredit und Aussenhandel AG Bank Leumi le-Isra'el (Schweiz) Bank Oppenheim Pierson (Schweiz) AG Bank Kleinwort Benson S.A. Barclays Bank (Suisse) S.A. Dai-ichi Kangyo Bank (Schweiz) AG Fuji Bank (Schweiz) AG Grindlays Bank Plc The Industrial Bank of Japan (Schweiz) AG Manufacturers Hanover (Suisse) S.A. Mitsui Trust Finanz (Schweiz) AG Nippon Kangyo Kakumaru (Suisse) S.A. The Royal Bank of Canada (Suisse) Sanwa Finanz (Schweiz) AG Volksbank Willisau AG	Bank Künzler AG Bank in Liechtenstein AG Banque Indosuez, Succursales de Suisse Banque de Participations et de Placements S.A. Chase Manhattan Bank (Suisse) Daiwa (Switzerland) S.A. Great Pacific Capital S.A. Hottinger & Cie LTCB (Schweiz) AG Mitsui Finanz (Schweiz) AG New Japan Securities (Schweiz) AG Nordfinanz-Bank Zürich Samuel Montagu (Suisse) S.A. J. Henry Schroder Bank AG

U.S. MONEY AND CREDIT

The image contains three separate line graphs, each representing a different monetary aggregate: M1, M2, and M3. Each graph plots the value of the aggregate in billions of dollars on the vertical axis against time on the horizontal axis, spanning from 1964 to 1965. A solid line represents the 'Actual' data, while a dashed line represents the 'Target' set by the Federal Reserve. In all three graphs, the actual data closely follows the target line, indicating successful monetary control.

- M1 Graph:** The vertical axis ranges from \$0 to \$800 billion. The target line starts at approximately \$100 billion in early 1964 and rises to about \$750 billion by early 1965. The actual M1 follows this target closely.
- M2 Graph:** The vertical axis ranges from \$0 to \$2,000 billion. The target line starts at approximately \$400 billion in early 1964 and rises to about \$1,800 billion by early 1965. The actual M2 follows this target closely.
- M3 Graph:** The vertical axis ranges from \$0 to \$4,000 billion. The target line starts at approximately \$1,000 billion in early 1964 and rises to about \$3,500 billion by early 1965. The actual M3 follows this target closely.

Among the leading new offerings last week was \$100m of notes from International Paper, due in 10 years, and priced at par to yield 10.875 per cent. Mercantile Stores offered \$50m of sinking fund 11 per cent debentures, due in 30 years and priced at par.

Under normal circumstances, notes Mr Jones, "the Fed would at the very least, stop easing reserve pressures in view of such excesses in monetary growth," but he adds that because of the problem in the economy, the monetary authorities 'are likely to continue to maintain unchanged reserve pressures.'

There are still plenty of analysts who continue to believe that the uptrend in rates in July was a much better indication of what is likely to happen over the balance of this year than last week's decline.

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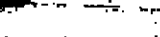
World Freight \$ 93	100%	100%	0%	0.96
LINER STRAIGHTS				
ASEA \$ 93	800	103	0	0.96
Europe/In 10 94	800	104	0	0.96
E Coal & Steel 10/ 94	1bn	103%	-0%	0.92
Euro Invest \$ 10/ 94	1bn	104%	0	0.98
World Mean 10/ 94	1bn	103%	0	0.94
CHARTER				
STRAIGHTS				
ASN \$ 93	200	105%	+0%	0.27
ASN 7/ 93	100	105%	+0%	0.96
Asr 6/ 93	100	102%	+0%	0.96
Asr 5/ 93	100	104%	+0%	0.96
Sr Mesa Hope 7/ 93	100	104%	0	0.99
Centrica Foods 6/ 93	100	108	+0%	0.67
C C Rabb 8 93	100	104%	+0%	0.64

DENMARK 95 91	100	108%	-0%	7.10
HOLLAND 96 91	100	108%	+0%	7.10
New Zealand 95 89	100	105%	+0%	6.95
CANADIAN DOLLAR				
Canada 12% 91	100	103%	+0%	11.35
Aust Resources 11% 92	100	101%	+0%	11.20
Bank of Tokyo 10% 92	75	101%	+0%	11.20
Br Col Minto 12% 91	100	104%	+0%	11.57
Br Col Minto 12% 91	100	104%	+0%	11.25
Br Col Minto 12% 91	100	109%	+0%	11.25
Br Col Minto 12% 91	100	109%	+0%	11.25
Denmark 11% 91	100	101%	+0%	11.24
Farm Cred Corp 12% 90	75	100%	+0%	10.25
Mutualbank 12% 91	75	102%	+0%	11.51
Westbank 11% 91	100	102%	+0%	11.25
Kreditbank 12% 91	100	105%	+0%	11.21
Univ Brussels 12 89	75	102%	+0%	11.46
Univ Brussel 12 89	75	102%	+0%	11.57
Nederl Hydro 14 91	75	100%	0	11.61

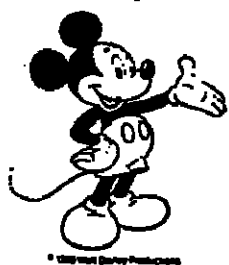
NEW STRAIGHTS	Issued	Price	Yield
		week	
Alabama 92	100	104 ¹ / ₂	3.75
Australia NZ 104 91	100	104 ¹ / ₂	3.65
Australia 104 93	100	107 ¹ / ₂	3.10
Canada 104 91	75	104 ¹ / ₂	3.85
Canada National 104 94	50	100 ¹ / ₂	3.20
Canada National 114 91	50	110 ¹ / ₂	3.45
Denmark 104 91	75	100 ¹ / ₂	3.25
France 104 98	85	105 ¹ / ₂	3.07
Italy 104 91	100	104 ¹ / ₂	3.23
Italy 114 91	100	104 ¹ / ₂	3.58
Italy 11 93	50	108 ¹ / ₂	3.44
Italy 11 94	50	108 ¹ / ₂	3.68
Italy 11 93	70	110 ¹ / ₂	3.94
Italy Coal Steel 8 94	80	115 ¹ / ₂	3.34
Italy Coal Steel 10 94	100	115 ¹ / ₂	3.41
Italy Invest 8 104 94	100	107 ¹ / ₂	3.10
Italy Invest 8 104 89	50	108 ¹ / ₂	3.40
Italy Invest 8 104 94	100	108 ¹ / ₂	3.11
Italy Invest 11 104 89	75	110 ¹ / ₂	3.45
Italy Invest 11 104 94	100	110 ¹ / ₂	3.55

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ARBI 8-03



This announcement appears as a matter of record only. These Securities have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States or to United States persons as part of the distribution.



Walt Disney Productions

ECU 80,000,000

9½% Notes due March 29, 1995

Goldman Sachs International Corp.

Banque Bruxelles Lambert S.A.

Banque Paribas Capital Markets

IBJ International Limited

Amro International Limited

BankAmerica Capital Markets Group

Banque Générale du Luxembourg S.A.

Banque Internationale à Luxembourg S.A.

Banque Nationale de Paris

Chase Manhattan Capital Markets Group

Deutsche Bank Aktiengesellschaft

Generale Bank

Genossenschaftliche Zentralbank AG
Vienna

Istituto Bancario San Paolo di Torino

Kreditbank International Group

Morgan Guaranty Ltd

Morgan Stanley International

Nippon European Bank S.A.

Nomura International Limited

Société Générale

Swiss Bank Corporation International
Limited

Union Bank of Switzerland (Securities)
Limited

S.G. Warburg & Co. Ltd.

July 1985

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Montedison S.p.A.
(Incorporated with limited liability in Italy)

Lit. 100,000,000,000

10% SELM-ME.T.A. Special Series Bonds 1985-1992

Convertible into
Savings Shares of

SELM-Società Energia Montedison S.p.A.
(Incorporated with limited liability in Italy)

and into
Ordinary Shares of

**Iniziativa Montedison Terziario Avanzato S.p.A.—
Iniziativa ME.T.A.**
(Incorporated with limited liability in Italy)

Issue Price 100 per cent.

The International Tranche totaling Lit. 30,000,000,000 of the above issue was managed by:

Goldman Sachs International Corp.

Daiwa Europe Limited

July 1985

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Aktiebolaget Svensk Exportkredit

(Swedish Export Credit Corporation)

N.Z. \$50,000,000

16% Notes due July 8, 1990

Goldman Sachs International Corp.

Svenska Handelsbanken Group

Banque Bruxelles Lambert S.A.

Daiwa Europe Limited

Dresdner Bank Aktiengesellschaft

Enskilda Securities
Stockholms Enskilda Limited

Hambros Bank Limited

Kreditbank International Group

Nomura International Limited

PKbanken

Algemene Bank Nederland N.V.

Bank of Tokyo International Limited

Bankers Trust International Limited

Banque Internationale à Luxembourg S.A.

Crédit Commercial de France

Creditanstalt-Bankverein

Girozentrale und Bank der österreichischen Sparkassen
Aktiengesellschaft

Götabanken

IBJ International Limited

Merrill Lynch Capital Markets

Mitsubishi Finance International Limited

Mitsui Trust Bank (Europe) S.A.

Shearson Lehman Brothers International

Swedbank

Swiss Bank Corporation International Limited

Westdeutsche Landesbank Girozentrale

June 1985

This announcement appears as a matter of record only. These Securities have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States or to United States persons as part of the distribution.



THE TORONTO-DOMINION BANK

(a Canadian chartered bank)

N.Z. \$60,000,000

16½% Deposit Notes due August 7, 1988

Goldman Sachs International Corp.

Amro International Limited

Banque Bruxelles Lambert S.A.

Barclays Merchant Bank Limited

Daiwa Europe Limited

Dominion Securities Pittfield Limited

Hambros Bank Limited

McLeod Young Weir International Limited

Nederlandse Credietbank N.V.

Toronto Dominion International Limited

Wood Gundy Inc.

Banque Générale du Luxembourg S.A.

Banque Internationale à Luxembourg S.A.

Generale Bank

Genossenschaftliche Zentralbank AG
Vienna

Götabanken

F. W. Holst & Co.

Rabobank Nederland

August 1985

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

CORPORATE FINANCE

Relationship banking retains its importance

CORPORATE BANKING seems to get more competitive and complicated each year as new institutions enter the business, and novel products proliferate. But what is it that companies look for in their banks these days? Is it just the best deal at the best price, with a few bright ideas thrown in? Or do they still want the personal touch?

A new survey* of UK corporate treasurers by Greenwich Associates, one of the leading U.S. bank research groups, suggests that what they are looking for are ways to control the increasingly turbulent environment in which they operate. And for this, they want a select group of trusted bank advisers.

Corporate financial executives, Greenwich says, are indicating that traditional values like reliability, consistency, and dependable counsel remain important. This implies "that the widely heralded innovations of the present day are not leading to a strictly transaction-driven environment

at the expense of relationship banking."

In interviews with nearly 400 large and medium-sized UK companies, Greenwich found that while companies are using more banks these days (17 on average), the number of their designated "principal banks" is falling (from eight to seven on average last year).

This may be because they want to concentrate on banks where there are good personal links. The reason most often given for improving relationships with a bank was "attention and service from account executive." The larger the company, the more likely it was to stress the quality of lending services, though again the multinationals put innovation, flexibility and speed in lending ahead of loan pricing, which suggests that the cost of money is not the prime consideration for big corporations.

The banks offering the most competitive pricing are the Americans, followed by the

British, Japanese and French. The British banks offer the most flexible terms, followed by the U.S., Japanese and French.

The survey shows that comparatively few companies use banks' capital market services, though demand is growing. The most popular service by far is the interest rate swap, used by 12 per cent of respondents, followed by the long-dated currency swap linked to borrowings of more than a year, used by seven per cent. Other capital market products, like Eurobonds and Euronotes were used by five per cent or less.

But more than a quarter of the respondents expect to use interest rate swaps in the next 12 months, and 15 per cent of them long dated currency swaps.

Similarly, only 19 per cent of the companies currently make use of currency options through their banks, but 44 per cent of them expect to in future, which points to a sharp upswing in

the acceptance of options, the most recent financial innovation to hit the markets.

The more active approach by corporate treasurers to controlling their financial exposures is also underlined by their changing foreign exchange management practices.

The number of companies which trade foreign exchange transactions is expected to decline from 35 per cent this year to 31 per cent next year. On the other hand those managing their currency exposures by trading before the underlying transaction obliges them to rise from 27 per cent to 30 per cent. Similarly, the number of companies trading foreign exchange for profit will rise from five to six per cent.

The picture that emerges is

of growing interest by corporate treasurers in new products, particularly those that protect them from ups and downs in interest rates and currencies, and attentive service from their banks to go with them.

The UK banks come out quite well: their terms are competitive, and they are leaders in products like currency options. But they are having to fight off foreign competition. The survey says: "Foreign banks are offering domestic and international credit with attractive pricing and terms to open doors to new relationships: UK banks meet their terms often to defend relationships. Corporate executives consider Japanese, Dutch, French and U.S. banks most appealing with respect to pricing and terms."

*United Kingdom Corporate Banking 1985, Greenwich Associates, Greenwich, Connecticut 06830 U.S.A.

David Lascelles

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book Runner	Offer yield %
U.S. DOLLARS							
Pagosa Gold S	23-2	1992	7	8 1/2	100	Bge Gutzwiler, K.B.	
Pagosa Gold S	5	1992	7	8 1/2	100	Bge Gutzwiler, K.B.	
Alcoa Energy T	10	1992	7	7 1/2	100	Nikko Secs (Eur)	7.350
Consolidated T	20	1990	15	7	100	Morgan Grenfell	7.500
Wipac Sales Kaisha S	50	1995	10	(3 1/4)	100	Nomura Int.	10.125
CM International	75.85	1990	3.3	10 1/4	100	Salomon Bros.	11.384
CM International	147.95	1995	8.5	11	99 1/2	Salomon Bros.	11.700
CM International	115.30	2000	15	8	100 1/4	Salomon Bros.	10.986
BNM Japan T	100	1992	7	10 1/4	100 1/4	Yamichi Int. (Eur)	8.822
Toyoko Engineering Corp. T	50	1990	5	10 1/4	100 1/4	Yamichi Int. (Eur)	10.336
Wittmann Corp. T	100	1995	10	10 1/2	101	Merrill Lynch	
Rockefeller Center S(d)	335	2000	15 1/2	8	102	Goldman Sachs	
Rockefeller Center S(d)	730	2000	15 1/2	8	22.58	Goldman Sachs	
Credit Foncier T	350	1997	12	9	100.05	Goldman Sachs	8.860
Chicom T	200	1988	3	10	100 1/4	Goldman Sachs	10.314
Kawasaki Steel Corp. T	50	1995	10	10 1/4	101 1/4	Sumitomo Bank	8.823
Sandstone Metal Ind. T	100	1990	5	10 1/4	101 1/4	Yamichi Int. (Eur)	10.760
United Technologies T	100	1990	10	10 1/4	99 1/4	Goldman Sachs	
CANADIAN DOLLARS							
CIBC T	75	1990	5	10 1/4	100 1/4	CIBC	10.848
AUSTRALIAN DOLLARS							
Barclays Merchant Bank	50	1990	5	12 1/4	100 1/4	Barclays Merchant Bank	12.855
Orion Royal Bank	50	1992	7	13	100 1/4	Orion Royal Bank	12.831
NEW ZEALAND DOLLARS							
Merrill Lynch	50	1988	3	16 1/4	100 1/4	Merrill Lynch	15.706
Stanley Int.	50	1988	3	16 1/4	100 1/2	Stanley Int.	15.827
D-MARKS							
Deutsche Bank	200	1997	12	5 1/2	99	Deutsche Bank	8.875
CSFB-Effektenbank	500	1997	12	5 1/2	100	CSFB-Effektenbank	
SWISS FRANCES							
Comptoir d'Escompte T	200	1995	-	6 1/4	100 1/4	Société	8.198
Nomura Co. T (B)	150	2000	-	1/4	100	Société	7.216
Publicis Credit T	123	1993	-	7 1/4	100	SBC	7.900
Wolff T	150	1995	-	7	100	SBC	
Tokyo Electric Power T	200	1990	-	(5 1/2)	100	Credit Suisse	
ECUs							
Midland Finance Ltd T	32	1995	8	8 1/4	100	Société Générale	8.875
STERLING							
Wentworth T	100	2012	27	9 1/2	87.305	S.G. Warburg	10.383
STARS T	100	1990	13	8	26.876	Stanley Securities	10.830
DANISH KRONER							
Dansk Bank T	300	1992	7	10	100 1/2	Dan Danske Bank	9.888
YEN							
Denmark T	250m	1997	12	7 1/2	100	Denmark Europe	7.500
Credit National T	250m	1995	10	8	101 1/4	Nomura Int.	7.816
Amec Credit Corp T	250m	1995	10	8	100 1/2	Nomura Int.	7.928
BNM Credit Corp. T	250m	1995	10	8	101 1/4	Nomura Int.	7.816

* Not yet priced. † Fixed income. ** Floating placement. † Floating rate note. † With equity warrants. † Dual-currency. † Mile-ends: higher of 100 or 1000. (a) Convertible into gold. (b) 1/4 over 100 lib. (c) 8 1/4 first 9 1/4 yrs, then 13 1/4. (d) At maturity investors can convert or buy a 7 yr FRN at 100, immediately callable. (e) 1/4 over 100 lib. (f) Also issued 27 serial zero coupon bonds, each face amount \$7.75m. Note: Yields are calculated on ARD basis.

Good results from gold business lift Riozint

BY KENNETH MARSTON, MINING CORRESPONDENT

GOOD RESULTS from gold operations swelled half-year earnings at Rio Tinto Zimbabwe (Riozint), the 56.4 per cent owned Zimbabwe mining subsidiary of Rio Tinto-Zinc.

Net profits for the six months to June 30 amounted to \$283.5m (U.S.\$237m) or 18 cents per share, compared with \$213.6m last time. Extraordinary credits from the sale of mine equipment brought the respective totals up to \$283.75m and \$237.05m. Total profit for 1984 was \$257.05m.

Gold production, notably from the Renco mine, increased in the latest half-year and a Zimbabwe Government support price of \$2500 per ounce of

gold was received compared with a realised price of \$2444 a year ago.

Inco, the Canadian nickel group, and Golden Knight Resources are launching a \$7.2m underground exploration programme at their Casa Berardi joint venture gold property in north-west Quebec. It is expected to provide a basis for a mining feasibility study.

The work will be concentrated at the promising Golden Pond East section where, assuming 80 per cent mining recovery, drill indicated reserves to a depth of 300m (984 ft) are estimated at 2.8m tonnes grading an average 7.2 grammes gold per tonne.

Canadian brewers lower

BY ROBERT GIBBENS IN MONTREAL

EARLY SUMMER results from Canada's brewing industry have been much worse than expected, and though the companies may do better in the July-September quarter when thirsts are at their height some are regarding the domestic market as over-mature.

Instead, they are seeking growth in the U.S. or further diversification.

Carling O'Keefe, which has improved its position in the industry in the last few years, earned \$1.2m (U.S.\$80,000) or three cents a share in the quarter ended June on sales of \$241m, against \$14.4m or 64 cents a year earlier on sales of \$264m.

The market downturn has also hit Molson and John Labatt, the other two principal brewers,

Setback at South African Eagle

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICAN EAGLE, the short-term insurance company which is 50 per cent owned by Eagle Star of the UK, suffered a sharp drop in first-half underwriting profits despite an increase of almost one-fifth in gross premiums written.

The underwriting surplus dropped to \$137,000 (\$81,000) in the six months ended June 30 1985 from \$187m in the corresponding period of 1984, while gross premiums rose to \$122.5m from \$102.5m.

Though first-half investment income increased, interim pre-tax profits fell to \$9.84m from \$10.96m in the first half of

1984 and compare with \$20.64m for 1984 as a whole.

Mr Fred Haslett, managing director, said the current state of unrest and violence was a nightmare for the short-term insurance industry. He adds that looting, arson and motor vehicle damage and theft were consequences of this prevailing climate of lawlessness. Underwriting results, Mr Haslett says, have been affected by inadequate rating of commercial and industrial risks, while reinsurance costs have increased.

First-half earnings have slipped to 57.2 cents a share from 58.2 cents but the interim

dividend has been maintained at 21 cents. For all 1984 earnings were 110.5 cents and a dividend total of 65 cents was paid.

© Northern Engineering Investments (NEI), the 62.5 per cent owned South African subsidiary of Northern Engineering Industries of the UK, turned over a first-half turnover of \$133.1m from \$96.2m, while the operating profits before interest and tax rose to \$13.8m from \$12.2m. A substantially higher interest bill left first half's pre-tax profits lower at \$11.8m against \$12.1m. An unchanged interim dividend of 38 cents has been declared.

Financial income boosts NEBB results

BY FAY GJETER IN OSLO

NEBB, the Norwegian subsidiary of Brown Boveri, the Swiss group, increased group pre-tax profits in the first half of 1985 by Nkr 3m to Nkr 13m (\$3.6m) on unchanged turnover of Nkr 950m.

The improvement was due to a rise of Nkr 8m in net financial income—operating profits were actually down on a year earlier. Orders booked in the six months were, however, up Nkr 130m to Nkr 1.180m,

and orders in hand at mid-year were 14 per cent higher than a year earlier, at Nkr 1.48m.

The group makes electrical equipment for power plants, ships and offshore platforms, and railway rolling stock. It is also engaged in electrical installation and engineering, including design of waste processing and district heating plants.

The half-year report says output capacity is almost fully booked for the rest of 1985, and

sales and profits in the second half of the year are expected to be better than in January to June. An improvement on the 1984 pre-tax results of Nkr 67.5m is forecast.

NEBB has established a joint venture company with Novacorp Consulting of Canada, which will specialise in sub-sea oil and gas production and transport systems. Its stake in the company—NEBB-CanOcean—is 51 per cent.

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JULY 1985

U.S. \$150,000,000

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INSURANCE

Claims rise boosts motor premiums

BY ERIC SHORT

THE UK motor insurance market is again in turmoil, with substantial rate increases being made by several leading companies.

This comes after a period when motor premium rates had been kept down because of fierce competition between insurers anxious to increase or hold on to their share of a static market.

During the highly inflationary 1970s, insurance companies had to make large and frequent rate increases to keep their motor accounts in reasonable financial shape.

This resulted in strong cash flows into the accounts and healthy investment income as a result of high interest rates at the time.

These conditions encouraged greater competition in the private motor insurance business at a time when commercial insurance business had become static and insurance companies were looking to the personal sector to provide growth.

So, in line with the behaviour that leads to the classical insurance cycle, companies kept their motor premium rates unchanged, or even reduced them, when the underwriting results from their portfolios argued for ratings increases.

The increases that were made were too little and too infrequent. The Quotex index of general motor premiums, which during the 1970s showed double figure increases, showed progressively lower single figure increases year in the early 1980s until 1983, when it recorded a fall in

premiums of 2 per cent over the year.

However, during 1984 motor insurance moved into the next phase of the cycle. Underwriting losses rose steadily during the 1980s, until last year they could not be covered by investment income.

In 1983 insurance companies operating in the UK, showed aggregate underwriting losses on their motor account of £18m—6.9 per cent of premiums. This still enabled companies to show a useful return on capital for this account owing to investment returns.

Nevertheless, certain insurance companies felt that they

could not continue holding down motor premium rates for ever.

So they made selective increases during 1984 and the Quotex index rose by 5.1 per cent over the year, roughly in line with the retail price index.

These increases were also too little and too late. At the end of last year, when insurance companies assessed their motor portfolios they found that claims had begun to race ahead.

Underwriting losses almost doubled to £22m—about 11.9 per cent of premium income.

At this level companies were just about breaking even on the

motor syndicates at Lloyd's had made rate increases this year averaging about 9 per cent, with many more to come. Last September, Mr Peter Suttle, Mr Manderville's predecessor, warned of premium increases between 7.5 and 10 per cent.

After years of low premium increases, rises of this size, well above the level of inflation, might look excessive, were it not for a potent factor affecting the UK motor insurance market: insurance companies and Lloyd's syndicates have been hit by a steadily rising number of claims—far above those allowed for by underwriters in fixing premium rates.

Insurance companies and Lloyd's syndicates cannot pinpoint any single reason for the rise. Winter weather has some influence, but claims have risen even during favourable weather.

One factor that may have had some influence is the impact of the scheme under which motorists are protected by paying into a fund which is used to meet small claims out of their own pocket rather than previously.

Companies admit this is an incentive but point out that the number of claims is increasing across the portfolio.

Mr Tom Roberts, UK general manager of General Accident, one of Britain's leading motor insurers, puts the increase down to falling standards of driving.

Whatever the reasons, this rise in the number of claims has confused the underwriters and their rating system. They are having to reassess their basis of calculation. It is fortunate for motorists that this increase has come while inflation is still low.

Royal Insurance has taken the opportunity to revise its rating system, radically basing the geographical element on post codes—the method widely used for rating house contents.

However, the claims frequency phenomenon has not eliminated competitive pressures. Rather it has forced companies to be more selective. Instead of competing across the board, companies are identifying the good risk motorist and concentrating their efforts on securing his business.

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could not continue holding down motor premium rates for ever.

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At this level companies were just about breaking even on the

Guardian Royal Exchange, which kept its involvement in the rate war to a minimum.

The rate war was also within a short time span—6 per cent last December and 10 per cent on July 1.

These increases show that forecasts earlier this year that rises would be about 6.5 per cent were highly optimistic.

A similar pattern is reported from the Lloyd's market. De tails of premium rates and movements are more difficult to monitor, but Mr Alec Manderville, chairman of Lloyd's Motor Underwriters Association considered that more than half of

claim frequencies vary very much with the time of year.

They are naturally higher in the first and fourth quarters owing to the weather. The third quarter is also fairly high, at least during the holiday period. But the second is usually favourable.

Since the beginning of 1984, however, claim frequencies have been rising steadily compared with the normal levels for the time of year. They are now between 7 and 10 per cent higher than what is normally expected and there is no sign yet that claims are becoming less frequent.

FINANCIAL DIARY FOR THE WEEK

The following is a record of the principal business and financial engagements during the week. The meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interim or final. The sub-divisions shown below are based mainly on last year's timetable.

TUESDAY AUGUST 12
COMPANY MEETINGS
 Anglo-Siam, 11.15, 11.45, 12.00, 12.30, 12.45, 1.00, 1.15, 1.30, 1.45, 2.00, 2.15, 2.30, 2.45, 3.00, 3.15, 3.30, 3.45, 4.00, 4.15, 4.30, 4.45, 5.00, 5.15, 5.30, 5.45, 6.00, 6.15, 6.30, 6.45, 7.00, 7.15, 7.30, 7.45, 8.00, 8.15, 8.30, 8.45, 9.00, 9.15, 9.30, 9.45, 10.00, 10.15, 10.30, 10.45, 11.00, 11.15, 11.30, 11.45, 12.00, 12.15, 12.30, 12.45, 1.00, 1.15, 1.30, 1.45, 2.00, 2.15, 2.30, 2.45, 3.00, 3.15, 3.30, 3.45, 4.00, 4.15, 4.30, 4.45, 5.00, 5.15, 5.30, 5.45, 6.00, 6.15, 6.30, 6.45, 7.00, 7.15, 7.30, 7.45, 8.00, 8.15, 8.30, 8.45, 9.00, 9.15, 9.30, 9.45, 10.00, 10.15, 10.30, 10.45, 11.00, 11.15, 11.30, 11.45, 12.00, 12.15, 12.30, 12.45, 1.00, 1.15, 1.30, 1.45, 2.00, 2.15, 2.30, 2.45, 3.00, 3.15, 3.30, 3.45, 4.00, 4.15, 4.30, 4.45, 5.00, 5.15, 5.30, 5.45, 6.00, 6.15, 6.30, 6.45, 7.00, 7.15, 7.30, 7.45, 8.00, 8.15, 8.30, 8.45, 9.00, 9.15, 9.30, 9.45, 10.00, 10.15, 10.30, 10.45, 11.00, 11.15, 11.30, 11.45, 12.00, 12.15, 12.30, 12.45, 1.00, 1.15, 1.30, 1.45, 2.00, 2.15, 2.30, 2.45, 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THE ROYAL BANK OF CANADA

NOTICE OF PARTIAL REDEMPTION

TO THE HOLDERS OF U.S. \$100,000,000 12 3/4% DEPOSIT NOTES DUE JANUARY 28, 1992 OF
THE ROYAL BANK OF CANADA

NOTICE IS HEREBY GIVEN pursuant to the terms and conditions of the 12 3/4% Deposit Notes due January 28, 1992 (the "12 3/4% Deposit Notes") that U.S. \$47,450,000 aggregate principal amount of the 12 3/4% Deposit Notes of the Royal Bank of Canada (hereinafter referred to as "the Bank") in coupon bearer form in the denomination of U.S. \$5,000 each bearing the under-mentioned distinguishing numbers, namely:

1	324	860	1018	1331	1648	2048	2404	2774	3124	3496	3859	4191	4533	4887	5241	5593	5941	6298	6648	6998	7348	7698	8047	8402	8749	9098	9457	9797	10089	10484	10812	11163	11517	11871	12263	12615	12951	13327	13673	14017	14368	14730	15176
2	325	695	1020	1333	1650	2050	2405	2775	3125	3497	3860	4192	4534	4888	5242	5594	5942	6299	6649	6999	7349	7700	8048	8403	8750	9100	9458	9798	10090	10485	10813	11164	11518	11872	12264	12616	12952	13328	13674	14018	14369	14731	15177
3	326	696	1021	1334	1651	2051	2406	2776	3126	3498	3861	4193	4535	4889	5243	5595	5943	6300	6650	6999	7350	7701	8049	8404	8751	9101	9459	9800	10091	10486	10814	11165	11519	11873	12265	12617	12953	13329	13675	14019	14370	14732	15178
4	327	697	1022	1335	1652	2052	2407	2777	3127	3500	3862	4194	4536	4890	5244	5596	5944	6301	6651	7000	7351	7702	8050	8405	8752	9102	9460	9801	10092	10487	10815	11166	11520	11874	12266	12618	12954	13330	13676	14020	14371	14733	15179
5	328	698	1023	1336	1653	2053	2408	2778	3128	3501	3863	4195	4537	4891	5245	5597	5945	6302	6652	7001	7352	7703	8051	8406	8753	9103	9461	9802	10093	10488	10816	11167	11521	11875	12267	12619	12955	13331	13677	14021	14372	14734	15180
6	329	699	1024	1337	1654	2054	2409	2779	3129	3502	3864	4196	4538	4892	5246	5598	5946	6303	6653	7002	7353	7704	8052	8407	8754	9104	9462	9803	10094	10489	10817	11168	11522	11876	12268	12620	12956	13332	13678	14022	14373	14735	15181
7	330	700	1025	1338	1655	2055	2410	2780	3130	3503	3865	4197	4539	4893	5247	5599	5947	6304	6654	7003	7354	7705	8053	8408	8755	9105	9463	9804	10095	10490	10818	11169	11523	11877	12269	12621	12957	13333	13679	14023	14374	14736	15182
8	331	701	1026	1339	1656	2056	2411	2781	3131	3504	3866	4198	4540	4894	5248	5600	5948	6305	6655	7004	7355	7706	8054	8409	8756	9106	9464	9805	10096	10491	10819	11170	11524	11878	12270	12622	12958	13334	13680	14024	14375	14737	15183
9	332	702	1027	1340	1657	2057	2412	2782	3132	3505	3867	4199	4541	4895	5249	5601	5949	6306	6656	7005	7356	7707	8055	8410	8757	9107	9465	9806	10097	10492	10820	11171	11525	11879	12271	12623	12959	13335	13681	14025	14376	14738	15184
10	333	703	1028	1341	1658	2058	2413	2783	3133	3506	3868	4200	4542	4896	5250	5602	5950	6307	6657	7006	7357	7708	8056	8411	8758	9108	9466	9807	10098	10493	10821	11172	11526	11880	12272	12624	12960	13336	13682	14026	14377	14739	15185
11	334	704	1029	1342	1659	2059	2414	2784	3134	3507	3869	4201	4543	4897	5251	5603	5951	6308	6658	7007	7358	7709	8057	8412	8759	9109	9467	9808	10099	10494	10822	11173	11527	11881	12273	12625	12961	13337	13683	14027	14378	14740	15186
12	335	705	1030	1343	1660	2060	2415	2785	3135	3508	3870	4202	4544	4898	5252	5604	5952	6309	6659	7008	7359	7710	8058	8413	8760	9110	9468	9809	10100	10495	10823	11174	11528	11882	12274	12626	12962	13338	13684	14028	14379	14741	15187
13	336	706	1031	1344	1661	2061	2416	2786	3136	3509	3871	4203	4545	4899	5253	5605	5953	6310	6660	7009	7360	7711	8059	8414	8761	9111	9469	9810	10101	10496	10824	11175	11529	11883	12275	12627	12963	13339	13685	14029	14380	14742	15188
14	337	707	1032	1345	1662	2062	2417	2787	3137	3510	3872	4204	4546	4900	5254	5606	5954	6311	6661	7010	7361	7712	8060	8415	8762	9112	9470	9811	10102	10497	10825	11176	11530	11884	12276	12628	12964	13340	13686	14030	14381	14743	15189
15	338	708	1033	1346	1663	2063	2418	2788	3138	3511	3873	4205	4547	4901	5255	5607	5955	6312	6662	7011	7362	7713	8061	8416	8763	9113	9471	9812	10103	10498	10826	11177	11531	11885	12277	12629	12965	13341	13687	14031	14382	14744	15190
16	339	709	1034	1347	1664	2064	2419	2789	3139	3512	3874	4206	4548	4902	5256	5608	5956	6313	6663	7012	7363	7714	8062	8417	8764	9114	9472	9813	10104	10499	10827	11178	11532	11886	12278	12630	12966	13342	13688	14032	14383	14745	15191
17	340	710	1035	1348	1665	2065	2420	2790	3140	3513	3875	4207	4549	4903	5257	5609	5957	6314	6664	7013	7364	7715	8063	8418	8765	9115	9473	9814	10105	10500	10828	11179	11533	11887	12279	12631	12967	13343	13689	14033	14384	14746	15192
18	341	711	1036	1349	1666	2066	2421	2791	3141	3514	3876	4208	4550	4904	5258	5610	5958	6315	6665	7014	7365	7716	8064	8419	8766	9116	9474	9815	10106	10501	10829	11180	11534	11888	12280	12632	12968	13344	13690	14034	14385	14747	15193
19	342	712	1037	1350	1667	2067	2422	2792	3142	3515	3877	4209	4551	4905	5259	5611	5959	6316	6666	7015	7366	7717	8065	8420	8767	9117	9475	9816	10107	10502	10830	11181	11535	11889	12281	12633	12969	13345	13691	14035	14386	14748	15194
20	343	713	1038	1351	1668	2068	2423	2793	3143	3516	3878	4210	4552	4906	5260	5612	5960	6317	6667	7016	7367	7718	8066	8421	8768	9118	9476	9817	10108	10503	10831	11182	11536	11890	12282	12634	12970	13346	13692	14036	14387	14749	15195
21	344	714	1039	1352	1669	2069	2424	2794	3144	3517	3879	4211	4553	4907	5261	5613	5961	6318	6668	7017	7368	7719	8067	8422	8769	9119	9477	9818	10109	10504	10832	11183	11537	11891	12283	12635	12971	13347	13693	14037	14388	14750	15196
22	345	715	1040	1353	1670	2070	2425	2795	3145	3518	3880	4212	4554	4908	5262	5614	5962	6319	6669	7018	7369	7720	8068	8423	8770	9120	9478	9819	10110	10505	10833	11184	11538	11892	12284	126							

CONTRACTS

UK AND OVERSEAS

Volvo supplies buses for Lagos

VOLVO INTERNATIONAL DEVELOPMENT has signed a contract with the Lagos State Government to sell 200 city buses to the Nigerian capital. The order, worth 200m Swedish kronor (£17.5m) includes technical assistance, the education of drivers and mechanics, and traffic planning. The buses will be delivered in October.

Applied Research of Cambridge has placed an order worth around £400,000 for a PRIME 9955 top-of-the-range supermini computer system. ARC, which is an authorised distributor of Prime computer systems and supplies Prime-based CAD/CAM turnkey systems, will be doubling its total computer capacity in Cambridge. The Prime 9955, launched earlier this year, executes as many as 285 active processes simultaneously with up to 254 directly connected terminals.

ALTIM CONTROL has won an order worth £100,000 from D.K. Kenyan, for its Alcom process management system. The plant produces coated and uncoated papers most of which are used for a variety of packaging applications. The first stage is due to be commissioned in the autumn. This will control the paper-making machine, while the second stage of the Alcom system, which is scheduled for installation next year, will expand the integrated control into the stock preparation area.

The standard plant projects department of PERMUTIT-BOSY has been awarded a £500,000 contract by Matheson & Wall Mechanical & Electrical Engineers to supply a fully-automatic ultraviolet water treatment system for the new Standard Telephone Cable silicon chip facility at Fooks Cray, Kent. This water will be used in the silicon wafer fabrication process and what is believed to be the largest clean room area of its kind in Europe. The make-up plant includes base exchange softeners, reverse osmosis, and mixed bed units. With recirculation polishing loops, (13,600 gal/hr) it is used through addi-

tional polishing mixed bed units. The plant also contains nitrogen blanketing storage tanks, micron filtration, UV sterilisation and bulk chemical storage facilities.

The French company ALCATEL-TELECOM is to supply the electronic components for China's first satellite earth station network and in return will buy antenna dishes for sale in Europe.

An agreement has been signed with the Peking Institute for Radio Measurement under which the electronic parts for 10 earth stations will be imported immediately with at least another 10 by the end of the year.

Repair work for Malta drydock

A £2.5m (£1.6m) contract for the repair of a Libyan-owned floating dock has gone to MALTA DRYDOCKS. The deal was concluded by Maltese Development Minister, Mr. Winston Abela, in Tripoli. Malta Drydock now stand a favourable chance of being awarded the contract for the repair of ten other drydock units owned by the Ministry of Defence for the design and initial batch production of a new generation 4,000-ton aircraft refuelling vehicle.

Work on the crane will start in September and should be finished by the time the yard starts work on its plum contract for the new Standard Telephone Cable silicon chip facility at Fooks Cray, Kent. This water will be used in the silicon wafer fabrication process and what is believed to be the largest clean room area of its kind in Europe. The make-up plant includes base exchange softeners, reverse osmosis, and mixed bed units. With recirculation polishing loops, (13,600 gal/hr) it is used through addi-

installing new boilers and incinerators and upgrading the ship's four main engines, will take five weeks.

In November Malta Drydock will handle the conversion of another Guard five star liner, the Vista Jord, at a cost of £417,000.

Essex Police has signed a £575,000 deal with HONEYWELL to provide the force with county-wide access to two main operational computer systems: command-and-control, and HOLMES, the national inquiry system. The contract includes three of Honeywell's 32-bit superminis for installation in a computer suite at Essex Police headquarters in Chelmsford; 100 terminals will be installed at HQ and at some 33 police stations around the county. Software for the systems will include Honeywell's version of HOLMES—the command-and-control software developed by Honeywell and already used by several forces in England, Scotland and Wales. The heart of the new system will consist of three Honeywell DPS 6 minicomputers. A DPS 6/94 will be used for HOLMES. DPS 6/95 will run the command-and-control system and a second 6/95 will be used as a regular standby on command-and-control and, in emergency, as a HOLMES back-up unit. The equipment will be installed by the end of this year and following extensive training both systems should be fully operational by mid-1986.

H. W. EDGELL EQUIPMENT, a member of the Anglo Nordic Group, has been awarded a contract worth over £2.5m by the Ministry of Defence for the design and initial batch production of a new generation 4,000-ton aircraft refuelling vehicle.

Consortium bids for pipeline

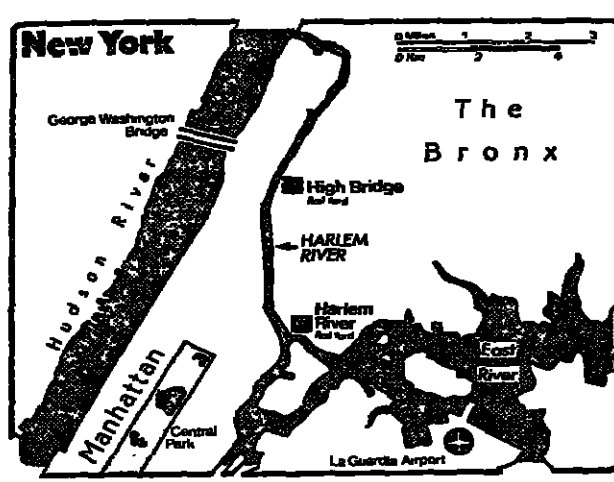
A Turkish-Italian consortium has put in the lowest bid to build the Turkish section of a new oil pipeline from Iraq, Turkey's Kuitas Holding and Tefken İnşaat ve Ticaret and Italy's Saipem agreed on a bid of \$254.9m (£186.2m). Three other groups, including British, West German and U.S. firms with Turkish partners, also competed.

Industry sources said the Kuitas-Tefken-Saipem consortium is expected to sign a contract for the pipeline construction in the next week or two after Turkish government approval. The same consortium has bid for the shorter Iraqi section of the 880 km (610 mile) pipeline. The pipeline will be parallel to an existing one from Iraq's Kirkuk oilfield to the Turkish Mediterranean port of Yumurtalik, increasing total capacity to 1.5m barrels per day from one million.

RHODES PIERCE-ALL, Slough has won orders totalling £1m following trade exhibitions in Europe, Australia and the U.S. The order is for the company's latest machine — the computer controlled "Pulse II" which was launched in June.

BUILDING AND CONSTRUCTION

Trestle bridge to carry New York railway



A joint venture between Morrison-Knudsen of Boise, Idaho and the Margentime Corporation of Birmingham, New Jersey, has won a \$25m (£11.5m) contract to build a 9,100 ft long marine trestle bridge to carry the railway over the Harlem River in New York City, writes Joan Gray, construction correspondent.

The bridge is being built by the New York State Department of Transportation to give the railway a new route without taking up scarce land.

The trestle will run in the Harlem River from the east bank near Jerome Avenue south to a point near Lincoln Avenue, connecting the Highbridge and Harlem River rail yards.

The trestle will carry the railway between Ave and ten ft above the river depending on the tide. It will be erected on top of a decking of precast concrete panels 15 ft wide, and supported by concrete and steel piles measuring from two to six ft in diameter that will be driven from 30 to 140 ft into the river bed.

Morrison-Knudsen and Margentime won the fixed price contract as a result of submitting the lowest bid in competitive tender.

Work on the project is due to begin immediately, with completion expected in late 1987.

Morrison-Knudsen is a \$2m a year turnover international construction and engineering company; Margentime is a privately owned contractor.

The first phase of the rehabilitation will be carried out on seven, five-storey blocks of flats at the junction of King Edwards Road and Claremont Road. Work will consist of replacement of timber windows with UPVC windows and replacement of flat roofs with tiled pitched roofs. Several of asphalt coverings and drainage to private balconies will also be carried out. The contract, which commenced on site in March, is expected to take around 65 weeks to complete.

FAIRCLOUGH has been appointed management contractor for the £1m modernisation of Finsbury station on London's Underground. The contract, which starts in September, is mainly aimed at improving the appearance of the Piccadilly-line station and preparing it for an automatic ticketing system. Work includes electrical services, and an extensive upgrading of the east and west ticket halls and entrances, concourses, platforms, and the station's main concourse. The station will also be converted as part of the scheme.

The Norwich branch of the WILLIAM STEWARD GROUP has been awarded a £1.4m contract for the mechanical and electrical services at Colmans Soft Drinks. The Midlands branch has been given the electrical services contract at City General Hospital, Stratford-upon-Avon. The Leeds branch has been awarded the electrical services for Farmington Park, Harrogate. The company's total turnover is £25m.

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Sir Robert McAlpine wins £4.2m

SIR ROBERT McALPINE AND SONS has been awarded a contract worth £4.2m for construction of an industrial complex in Edinburgh. The two-storey building with plant room above will provide around 10,000 sq metres of floor space comprising a high technology production unit at ground floor level with air-conditioned office accommodation above. Construction will be of a composite steel and concrete frame on pad foundations with aluminium curtain walling to the two major elevations and facing brick on the two end walls. The contract also includes installation of three good lifts. Design and construct sub-contracts have been awarded to Composite Structures (building frame); Strain Aluminium (curtain walling); Andrews Weatherfoil (mechanical, electrical and plumbing installations) and Stannah Lifts (lifts).

SHEPHERD CONSTRUCTION has secured two contracts to refurbish two shops in the Midlands. The first is for the refurbishment of 12 Richard Shops in the Midlands, North and South. The second is for the refurbishment of 12 Richard Shops in the Midlands, North and South. The second is for the refurbishment of 12 Richard Shops in the Midlands, North and South.

Tendering for Turkish motorway

The Turkish Highway Administration has asked the seven consortia, which took part in a tender for the second Bosphorus bridge, to bid for a 418 km (258.5 miles) motorway. The road, which is expected to cost US\$500m to US\$600m (£365m-£438m), will run from the border with Bulgaria to Ankara. The companies have been asked to secure credits for their bids.

MILLARD CONTRACTORS of Tipton, West Midlands, has commenced work on £5m worth of construction contracts: a single-storey primary school at Cosley for Dudley Metropolitan Borough Council for £1.6m; environmental improvements to 96 homes at Chadmoor for Cannock Chase District Council for £494,000; complete recladding to an eight-storey office block at Sutton Coldfield for the UK Provident and Temperance Institute in a contract worth £314,000; a main-

tenance building and service area worth \$473,000 for West Midlands Passenger Transport Executive at Dudley Bus Garage and various small contracts, totalling over \$500,000. The company also includes a shopping development for Carriers Commercial Developments valued at \$110,000.

WALTER LAWRENCE (CITY) has commenced the £1.1m refurbishment of part of the Kingswood Estate, Hockley, Essex, on behalf of the Greater London Council.



Town & City Properties (Development), in association with the Greater London Council, has appointed Leslie Jones and Partners project architect for the new shopping centre at Thamesmead town centre, London, SE28. Work has commenced on site following a competition held by the GLC when Town & City, together with the designs of Leslie Jones and Partners, presented the winning entry. The main contractor is Norwest Holst Construction with an order worth £3.5m.

The shopping centre is a 7.9-acre site in the shopping heart of Thamesmead, the land has been reclaimed from the old Woolwich Arsenal and is now protected by a new Thames flood embankment. The scheme lies to the north of Central Way, and the east and west banks of the site are served by a waterway which flows into the nearby Thamesmead lake. The two-storey shopping centre, situated around a central square, is to be built in two phases, the first 70,000 sq ft of which will be open for trading in November 1986. It will be domestic in scale featuring yellow stock brick with red facings, roofs and canopies covered in clay panelling and glass lanterns over the links to the car parks. The first of two covered bridges will link the east and west banks, with the paths

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Woolworth HQ to be refurbished

Woolworth Properties has awarded a contract valued at £4.1m to MOWLEM MANAGEMENT for refurbishing Woolworth House, Marylebone Road, NW1. The building forms the headquarters of Woolworth Holdings, which took over Woolworth's UK interests 24 years ago and now controls over 100 stores and F. W. Woolworth retailing chains. The project includes an upgrading scheme aimed at increasing the asset value and efficiency of the building and improving energy conservation. It will cover over 100,000 sq ft of office space on eight storeys, and features a new air conditioning system based on reversible heat pumps, new lighting, and special provisions for electronic office systems and flexible space planning. Work has started and will be phased over the next 24 months, with completion of the Marylebone Road facade will be cleared and the main entrance re-modelled.

A £1.5m contract to build 50 houses and one house at Alder Copse, Heston, has been won by JOHN MOWLEM and Co. The client is the Sarnan Development Co. (No. 12) acting on behalf of Heston Urban District Council. At Alder Copse, Mowlem is to build a mixed development of 26 four-person and 24 five-person houses plus two wheelchair bungalows, all of traditional construction, together with roads and sewers. Work has started for completion in February 1987.

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£35,000,000

Sterling Floating Rate Certificates of Deposit due June 1986

Notice is hereby given that the Rate of Interest has been fixed at 11 1/4% p.a. and that the interest payable on the relevant Interest Payment Date, September 19, 1985 in respect of a £250,000 nominal Certificate of Deposit, will be £3,344.18.

Agent Bank: County Bank Limited

Managed by: Credit Suisse First Boston Limited

August 1985

continued from facing page

15506	15500	15713	15812	15925	16032	16136	16233	16328	16463	16593	16696	16798	16890	17023	17128	17261	17371	17460	17594	17694	17796	17898	17987	18105	18199	18274	18345	18463	18572	18696	18749	18841	18956	19056	19153	19244	19338	19427	19522	19605	19705	19814	19925
15507	15601	15714	15814	15926	16033	16138	16236	16331	16465	16594	16697	16799	16891	17024	17129	17262	17372	17461	17595	17695	17797	17899	17988	18106	18200	18275	18346	18464	18573	18697	18750	18842	18957	19057	19154	19245	19339	19428	19523	19606	19706	19815	19926
15508	15602	15715	15815	15927	16034	16139	16237	16332	16466	16595	16698	16799	16892	17025	17130	17263	17373	17462	17596	17696	17798	17899	17989	18107	18201	18276	18347	18465	18574	18698	18751	18843	18958	19058	19155	19246	19340	19429	19524	19607	19707	19816	19927
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15510	15604	15717	15817	15929	16036	16141	16239	16334	16468	16597	16699	16799	16894	17027	17132	17265	17375	17464	17598	17698	17799	17899	17990	18109	18203	18278	18349	18467	18576	18700	18753	18845	18960	19060	19157	19248	19342	19431	19526	19609	19709	19818	19929
15511	15605	15718	15818	15930	16037	16142	16240	16335	16469	16598	16699	16799	16895	17028	17133	17266	17376	17465	17599	17699	17799	17899	17990	18110	18204	18279	18350	18468	18577	18701	18754	18846	18961	19061	19158	19249	19343	19432	19527	19610	19710	19819	19930
15512	15606	15719	15819	15931	16038	16143	16241	16336	16470	16599	16699	16799	16896	17029	17134	17267	17377	17466	17600	17699	17799	17899	17990	18111	18205	18280	18351	18469	18578	18702	18755	18847	18962	19062	19159	19250	19344	19433	19528	19611	19711	19820	19931
15513	15607	15720	15820	15932	16039	16144	16242	16337	16471	16600	16699	16799	16897	17030	17135	17268	17378	17467	17601	17699	17799	17899	17990	18112	18206	18281	18352	18470	18579	18703	18756	18848	18963	19063	19160	19251	19345	19434	19529	19612	19712	19821	19932
15514	15608	15721	15821	15933	16040	16145	16243	16338	16472	16601	16699	16799	16898	17031	17136	17269	17379	17468	17602	17699	17799	17899	17990	18113	18207	18282	18353	18471	18580	18704	18757	18849	18964	19064	19161	19252	19346	19435	19530	19613	19713	19822	19933
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15516	15610	15723	15823	15935	16042	16147	16245	16340	16474	16603	16699	16799	16900	17033	17138	17271	17381	17470	17604	17699	17799	17899	17990	18115	18209	18284	18355	18473	18582	18706	18759	18851	18966	19066	19163	19254	19348	19437	19532	19615	19715	19824	19935
15517	15611	15724	15824	15936	16043	16148	16246	16341	16475	16604	16699	16799	16901	17034	17139	17272	17382	17471	17605	17699	17799	17899	17990	18116	18210	18285	18356	18474	18583	18707	18760	18852	18967	19067	19164	19255	19349	19438	19533	19616	19716	19825	19936
15518	15612	15725	15825	15937	16044	16149	16247	16342	16476	16605	16699	16799	16902	17035	17140	17273	17383	17472	17606	17699	17799	17899	17990	18117	18211	18286	18357	18475	18584	18708	18761	18853	18968	19068	19165	19256	19350	19439	19534	19617	19717	19826	19937
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INTERNATIONAL APPOINTMENTS

E.F. Hutton in new move to strengthen management

BY WILLIAM HALL

E. F. HUTTON, the big Wall Street brokerage firm which has been under attack because of its past cash management practices, has taken another step to strengthen its top management team and appointed its recently recruited president, Mr. Bob Ritter, as chief operating officer.

Mr. Ritter, who joined Hutton in June after 26 years at Merrill Lynch, will assume responsibility for day-to-day operations of both the parent company and its broker/dealer subsidiary, E. F. Hutton & Co. Hutton has always been a highly decentralised operation and since recently admitted a U.S. congressional panel that prior to its recent problems, which it

blames on lax management controls, it had never had an organisation chart.

Mr. Ritter, aged 45, will continue to report to Mr. Robert F. Fomon, the group's chairman and chief executive. Prior to joining Hutton, Mr. Ritter was executive vice president and chief administrative officer of Merrill Lynch, the biggest brokerage firm in the world.

E. F. Hutton has also defined the operating role of the office of the chairman, the newly constituted senior management group which begins functioning this month. Specifically, the office of the chairman will review all major policy and strategic issues, major capital

expenditures, risk exposure, and resource allocation. It will approve the company's corporate plan, division plans and budgets, key organisational changes and senior management appointments. It will serve as both a decision-making body and in an advisory capacity to the chairman. Aside from Mr. Fomon and Mr. Ritter, the office of the chairman consists of Mr. Scott Pierce, president of E. F. Hutton & Co., and Mr. Thomas P. Lynch, vice chairman of the parent company and E. F. Hutton & Co.

Mr. Fomon says that "the evolving nature of our business places a premium on a strategic focus. The structure we have created optimises our ability to meet that criteria."

New deputy chosen at MMC

By Wong Sulong in Kuala Lumpur

MR. IBRAHIM HENUDDIN, a Malaysian businessman, has been appointed executive director and deputy chief executive of Malaysia Mining Corporation, the world's biggest tin mining group.

He succeeds Mr. Rahim Aki, who left last April to form his own commodity trading business.

Mr. Ibrahim, who is in his mid-30s, is an accountant and a close associate of Datuk Harris Salleh, former Sabah chief minister, whose Berjaya Party was severely defeated in the state election.

While Mr. Harris was chief minister, Mr. Ibrahim was one of the most influential businessmen in Sabah, and headed the Sabah Gas Industries and Permodalan Bumiputera Sabah, the state investment agency, and held directorships in the Sabah Development Bank and Sabah Property Development.

In recent years, MMC has fallen to difficult times because of depressed tin prices and tough export controls which forced it to close down half of its 40 dredges.

Operating profit for the year ended January 1985 fell 25 per cent to \$6.3m (ringgit \$14.5m).

The group also took an extraordinary loss of 22m ringgit to reflect the write-down in the value of its investments in Sime Darby.

Permodalan Nasional, the Malaysian Government investment agency, holds 56 per cent of MMC.

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GM reorganises management

BY PHILIP HALLIDAY

GENERAL MOTORS, the world's largest motor group, has made a series of organisational reorganisations to accommodate the expected completion of its Hughes Aircraft Corporation takeover.

Mr. Donald J. Adwood, executive vice president and member of the board and GM's executive committee, has been named to the position of president of GM Hughes Electronics Corporation, the subsidiary that will consist of Hughes Aircraft and GM's Deico Electronics Corporation.

Mr. Edward P. Casper, who was vice president and group executive in charge of the electrical components group, has been named vice president in charge of quality, reliability and service parts operations. He succeeds Mr. Donald H. McPherson who is retiring.

Mr. Robert J. Schultz, who was vice president and group director of engineering for the Chevrolet Division of GM's Canada group, will succeed Mr. Casper and is also named president of Deico Electronics Corporation.

GM agreed in June to buy

Hughes Aircraft, the Californian electronics aerospace and defence group for \$5bn, the largest non-cash deal in history.

At the time of negotiations GM stressed that Hughes would be run separately. Commenting on the appointments GM said Hughes as an operation will continue very much as it has done, but a certain amount of synergy will flow through the organisational structure provided by GM Hughes Electronics.

GM agreed in June to buy

Arthur Young names chief

By Our New York Staff

MR. WILLIAM GLADSTONE, aged 54, will take over as chairman of Arthur Young & Co, the sixth biggest U.S. accounting firm, when Mr. William S. Kaanga, who has headed the firm since 1977, steps down on October 1.

Mr. Gladstone, who holds a law degree from Brooklyn Law School and is a graduate of Lehigh University in Pennsylvania, joined Arthur Young in 1951 and was elected a partner in 1963. He has been the managing partner of the firm, which has 2,400 partners in 350 cities around the world, since 1981.

Union Carbide picks men to head new departments

UNION CARBIDE Corporation, the diversified U.S. concern with interests in chemicals, plastics and industrial gases, has created two departments and made management changes which it hopes will enhance growth in its consumer and chemical divisions.

Mr. Heison F. Tomfohrde has been named head of the new consumer, industrial products and services group and Mr. Robert D. Kennedy has been named head of the new chemicals and plastics group. The two men have been elected to

the Union Carbide board of directors.

Mr. Alce Flamm has been named vice-chairman of Union Carbide and joins Mr. Warren M. Anderson, chairman and chief executive officer, in a newly-formed chairman's office. Mr. Flamm will be responsible for corporate strategic planning, acquisitions and divestitures.

EASTERN GAS AND FUEL Associates, the U.S. coal producer, has appointed Mr. Robert W. Wernig to the post of executive vice president and chief operating officer.

Drexel names vice-chairmen

By Our Financial Staff

Drexel Burnham Lambert, the Wall Street securities house, has appointed Mr. James Balog and Mr. Edwin Kantor as vice-chairmen.

The appointments are part of the company's realignment of its management structure in the U.S.

Mr. Kantor will head the institutional and professional services department while Mr. Balog will be responsible for all non-institutional business, the company said.

The restructuring, instigated by Mr. Frederick Joseph, vice-chairman and chief executive, is to help the company in providing specialised services in what it sees as an increasingly complex financial environment.

F.T. CROSSWORD PUZZLE No. 5,793

ACROSS

- 1 A voracious reader (8)
- 2 Girl shows what she can get with publicity backing (6)
- 3 Where one waits for one with a motor, perhaps (8)
- 4 Vessel — showing its nationality? (6)
- 5 Precise instruction to enforce payment (5)
- 6 Floods one sister with appointments (9)
- 7 Gear-case? (3-4)
- 8 I wish a student could translate this language (7)
- 9 Train regularly? (7)
- 10 Be dismissed but don't go? (4, 2)
- 11 Leaves producer to name theatre work (9)
- 12 Sense of anxiety possibly wags the third mate (5)
- 13 Vegetable to spoil the dressing (6)
- 14 A glass ship (8)
- 15 Step aside replacing good man (6)
- 16 Private accommodation? (8)

DOWN

- 1 They cut dazzling figures (6)
- 2 Exclusive treatment (9)
- 3 Best, strange as it seems (5)
- 4 Go in for modified coverage (7)
- 5 Mother twice takes in the older variety of play (9)
- 6 Fall behind it at the end of the day (5)
- 7 Acting so strangely — from divine ignorance? (8)
- 8 He may be booted on the stage (4)
- 9 A blockhead, our little boy is, in the middle class (9)
- 10 In love and racing madly about — what chemistry is that? (8)
- 11 Gave a shudder and scared me badly (8)
- 12 Contents of the vendor's flat (4)
- 13 Died holding a high card can solve all problems (7)
- 14 Goes hunting, we hear, for birds (6)
- 15 Noblemen and king seen in a jumble sale (5)
- 16 Mother is upset over our love-affair (5)
- 17 The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

August 12, 1985

NOTICE OF ADJUSTMENT OF CONVERSION PRICE TO THE HOLDERS OF 8-3/4% CONVERTIBLE SUBORDINATED DEBENTURES DUE 1995 OF TRANSCO INTERNATIONAL N.V.

Notice is hereby given to the holders of the 8-3/4% Convertible Subordinated Debentures Due 1995 (the "Debentures") of Transco International N.V. ("TINV") that:

The conversion price for the debentures has been adjusted from \$60.72 down to \$59.32. The effective date for the adjusted conversion price is August 5, 1985.

The facts upon which such adjustment is based are contained in the Officer's Certificate, a copy of which is filed at each office or agency maintained for the purpose of conversion of debentures and is available for inspection by holders.

This adjustment in the conversion price of the debentures is being made as a result of the dividend by Transco Energy Company of one-twentieth (1/20) of a unit of Transco Exploration Partners, Ltd. per share, which Transco distributes quarterly to its common stockholders in addition to a regular quarterly cash dividend.

TRANSCO ENERGY COMPANY
HOUSTON, TEXAS
U.S.A.

LIFE OPTIONS REPORT

Starting Currency — £22,000 per £ 100%
Low volume on a very quiet day.

Est volume	Previous day's open interest	Est volume	Previous day's open interest
Call	102	Call	102
Put	102	Put	102

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<p>Albion Unit Trust (100%) 100% Albion Unit Trust, London EC2A 4EJ. 01-425 0446</p> <p>Albion Unit Trust (100%) 100% Albion Unit Trust, London EC2A 4EJ. 01-425 0446</p> <p>Albion Unit Trust (100%) 100% Albion Unit Trust, London EC2A 4EJ. 01-425 0446</p>	<p>Albion Unit Trust (100%) 100% Albion Unit Trust, London EC2A 4EJ. 01-425 0446</p> <p>Albion Unit Trust (100%) 100% Albion Unit Trust, London EC2A 4EJ. 01-425 0446</p> <p>Albion Unit Trust (100%) 100% Albion Unit Trust, London EC2A 4EJ. 01-425 0446</p>	<p>Albion Unit Trust (100%) 100% Albion Unit Trust, London EC2A 4EJ. 01-425 0446</p> <p>Albion Unit Trust (100%) 100% Albion Unit Trust, London EC2A 4EJ. 01-425 0446</p> <p>Albion Unit Trust (100%) 100% Albion Unit Trust, London EC2A 4EJ. 01-425 0446</p>
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THE FINANCIAL TIMES

is proposing to publish a survey on

ZIMBABWE

on

WEDNESDAY 21st AUGUST 1985

For further information please write to or telephone:

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Area Manager Africa
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10 Cannon Street, London EC4A 4BY
Tel: 01-248 8000 Ext 3228 Telex: 385033

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SHEATH AGITATES

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LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS—Cont. | **DRAPERY & STORES—Cont.**

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INDUSTRIALS—Continued

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INSURANCES				
Alexander & Alexander	E203	30.7	4051.00	-

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LEISURE

cent Issues" and "Rights" Page 10
(International Edition Page 16)

is available to every Company dealt in on Stock
throughout the United Kingdom for a fee of £800 per
annum for each security.

7

APPOINTMENTS

Senior Wilkinson Sword post

Mr Richard Bate has been appointed managing director of Wilkinson's Swords UK shaving division. He will also continue to be responsible, as a division vice-president, for the business in North America. He joined Wilkinson's in August 1984 having previously been managing director of Wyeth Laboratories, and also held senior executive positions with both Nicholas International and the Gillette Safety Razor Company.

Mr Christopher Marwar has been appointed director of Wilkinson's Swords UK shaving division. He will also continue to be responsible, as a division vice-president, for the business in North America. He joined Wilkinson's in August 1984 having previously been managing director of Wyeth Laboratories, and also held senior executive positions with both Nicholas International and the Gillette Safety Razor Company.

Y. J. LOVELL (HOLDINGS) has appointed Mr John McQuillan as managing director responsible for Lovell Construction activities in the Midlands and the North. Mr McQuillan has also been appointed to the board of Lovell

Construction, controlling company for the building division of the Group. Over the past 16 months, he has been chairman and managing director of the Esplanade Construction Group.

Mr Cyril (54) Boyle has been elected chairman of the ASSOCIATION OF SUPERVISORY AND EXECUTIVE ENGINEERS (ASSEE) for 1985-86. Mr Boyle has been a member of the Association since 1989 and a member of the executive council since 1976.

Mr Michael Goldsmith, previously managing director of Sphere Books, is appointed commercial director of Thomson Information Services from September 1. He will also join the boards of International Thomson Publishing and Thomson Directories.

HIGGS AND HILL has appointed

Mr A. D. Hill and Mr D. L. Bidart as joint managing directors. Mr Hill became a director in 1980 and since 1976 has also been chairman and managing director of the overseas construction subsidiaries. Mr Bidart became a director in 1976 and is currently chairman of the homes and property subsidiaries.

Mr Steven Astaire, who has been an associate member of ASTAIRE & CO. stockholders for many years in charge of its European department, has been appointed a director. Mr Bryan Herman, formerly a jobber specialising in the overseas markets, is joining Astaire & Co. to head its international dealing department.

BRITISH CALEDONIAN has appointed Mr Arnold Sheed as director of engineering. Formerly chief engineer he now becomes a special director. He is due to

retire in mid-1988 and will be succeeded by the appointment of a director of ground operations and engineering within the next 12 months. Mr Sheed is now responsible for C.A.L.'s main base engineering complex at London Gatwick Airport and for the technical aspects of the airline's engineering activities at all its line stations. Mr Martin Hurst has been promoted to chief engineer. Succeeding Mr Hurst as general manager maintenance is Mr David Johnson who will join the airline from British Airways in mid-September.

Mr Paul Lipscomb has been appointed director of business development at THOMAS BORTWICK & SONS. He was previously financial controller at British Airways.

Mr Raymond Berry, chairman and a director of TBE BERRY TRUST, is to retire as chairman following the annual meeting. Mr Stamp Brookbank will be appointed chairman in his place. Mr Berry has agreed to remain

on the board and accept the title of honorary president. Mr Brookbank, who is currently chairman of the United Kingdom Temperance and General Provident Institution and chairman also of GT Management, Berry's managers, has tendered his resignation as chairman of GT in order to avoid any potential conflict of interest. Mr Thomas Griffin has been appointed chairman of GT in his place.

Mr Malcolm Anson, chairman of Wessex Water Authority and former chairman of Imperial Group, is to join the board of W.M.C. RESOURCE RECOVERY.

PRIME COMPUTER (UK) has made two appointments. Mr Mike Newton has been made director, customer service, and Mr Pamela Bale has been appointed to his previous position of director, sales support. Mr Bale was marketing manager of ICI's local government and public corporation branch based in Reading.

NOTICE OF REDEMPTION

To the Holders of

General Mills, Inc.

U.S. \$100,000,000 12% Notes, Series A, due December 19, 1991

NOTICE IS HEREBY GIVEN to the holders of the outstanding 12% Notes, Series A, due December 19, 1991 (the "Notes") of General Mills, Inc. (the "Company") that, pursuant to the provisions of Section 7(a) of the Series A Fiscal and Paying Agency Agreement dated as of December 19, 1984 between the Company and Morgan Guaranty Trust Company of New York (the "Fiscal Agent") and Paragraph 4(a) of the Terms and Conditions of the Notes, the Company has elected to redeem on August 26, 1985 U.S. \$2,310,000 principal amount of the Notes (the "Redemption Amount") at a redemption price equal to 101% of the principal amount thereof, together with accrued interest to said date, in the amount of U.S. \$415,000 for each U.S. \$5,000 principal amount and U.S. \$830,000 for each U.S. \$10,000 principal amount as follows:

OUTSTANDING NOTES OF \$5,000 EACH BEARING THE FOLLOWING DISTINCTIVE NUMBERS:

3	264	528	797	1067	1347	1646	1903	2153	2398	2672	2899	3189	3429	3703	3950	4188	4412	4682	4927	5193	5450	5728	5994	6254	6517	6784	7017	7283	7577	7831
11	287	532	801	1068	1348	1648	1908	2156	2408	2675	2900	3191	3431	3705	3952	4190	4414	4686	4931	5197	5454	5732	5998	6258	6521	6788	7021	7287	7581	7835
19	294	544	807	1059	1359	1651	1908	2156	2408	2681	2934	3200	3434	3711	3958	4196	4419	4689	4933	5206	5478	5750	6010	6261	6512	6763	7014	7265	7516	7767
27	274	561	810	1113	1366	1658	1914	2166	2419	2688	2941	3208	3442	3718	3965	4202	4424	4694	4937	5214	5486	5758	6018	6269	6520	6771	7022	7273	7524	7775
35	290	584	816	1123	1372	1665	1920	2172	2427	2696	2949	3214	3448	3718	3965	4202	4424	4694	4937	5214	5486	5758	6018	6269	6520	6771	7022	7273	7524	7775
43	300	598	817	1124	1376	1668	1922	2174	2429	2698	2951	3216	3450	3725	3972	4209	4429	4699	4941	5216	5489	5761	6020	6271	6522	6773	7024	7275	7525	7776
51	306	602	818	1125	1377	1669	1923	2175	2430	2699	2952	3217	3451	3727	3973	4210	4430	4700	4941	5216	5489	5761	6020	6271	6522	6773	7024	7275	7525	7776
59	307	603	819	1126	1378	1670	1924	2176	2431	2700	2953	3218	3452	3729	3974	4211	4431	4701	4942	5217	5490	5762	6021	6272	6523	6774	7025	7276	7526	7777
67	308	604	820	1127	1379	1671	1925	2177	2432	2701	2954	3219	3453	3730	3975	4212	4432	4702	4943	5218	5491	5763	6022	6273	6524	6775	7026	7277	7527	7778
75	309	605	821	1128	1380	1672	1926	2178	2433	2702	2955	3220	3454	3731	3976	4213	4433	4703	4944	5219	5492	5764	6023	6274	6525	6776	7027	7278	7528	7779
83	310	606	822	1129	1381	1673	1927	2179	2434	2703	2956	3221	3455	3732	3977	4214	4434	4704	4945	5220	5493	5765	6024	6275	6526	6777	7028	7279	7529	7780
91	311	607	823	1130	1382	1674	1928	2180	2435	2704	2957	3222	3456	3733	3978	4215	4435	4705	4946	5221	5494	5766	6025	6276	6527	6778	7029	7280	7530	7781
99	312	608	824	1131	1383	1675	1929	2181	2436	2705	2958	3223	3457	3734	3979	4216	4436	4706	4947	5222	5495	5767	6026	6277	6528	6779	7030	7281	7531	7782
107	313	609	825	1132	1384	1676	1930	2182	2437	2706	2959	3224	3458	3735	3980	4217	4437	4707	4948	5223	5496	5768	6027	6278	6529	6780	7031	7282	7532	7783
115	314	610	826	1133	1385	1677	1931	2183	2438	2707	2960	3225	3459	3736	3981	4218	4438	4708	4949	5224	5497	5769	6028	6279	6530	6781	7032	7283	7533	7784
123	315	611	827	1134	1386	1678	1932	2184	2439	2708	2961	3226	3460	3737	3982	4219	4439	4709	4950	5225	5498	5770	6029	6280	6531	6782	7033	7284	7534	7785
131	316	612	828	1135	1387	1679	1933	2185	2440	2709	2962	3227	3461	3738	3983	4220	4440	4710	4951	5226	5499	5771	6030	6281	6532	6783	7034	7285	7535	7786
139	317	613	829	1136	1388	1680	1934	2186	2441	2710	2963	3228	3462	3739	3984	4221	4441	4711	4952	5227	5500	5772	6031	6282	6533	6784	7035	7286	7536	7787
147	318	614	830	1137	1389	1681	1935	2187	2442	2711	2964	3229	3463	3740	3985	4222	4442	4712	4953	5228	5501	5773	6032	6283	6534	6785	7036	7287	7537	7788
155	319	615	831	1138	1390	1682	1936	2188	2443	2712	2965	3230	3464	3741	3986	4223	4443	4713	4954	5229	5502	5774	6033	6284	6535	6786	7037	7288	7538	7789
163	320	616	832	1139	1391	1683	1937	2189	2444	2713	2966	3231	3465	3742	3987	4224	4444	4714	4955	5230	5503	5775	6034	6285	6536	6787	7038	7289	7539	7790
171	321	617	833	1140	1392	1684	1938	2190	2445	2714	2967	3232	3466	3743	3988	4225	4445	4715	4956	5231	5504	5776	6035	6286	6537	6788	7039	7290	7540	7791
179	322	618	834	1141	1393	1685	1939	2191	2446	2715	2968	3233	3467	3744	3989	4226	4446	4716	4957	5232	5505	5777	6036	6287	6538	6789	7040	7291	7541	7792
187	323	619	835	1142	1394	1686	1940	2192	2447	2716	2969	3234	3468	3745	3990	4227	4447	4717	4958	5233	5506	5778	6037	6288	6539	6790	7041	7292	7542	7793
195	324	620	836	1143	1395	1687	1941	2193	2448	2717	2970	3235	3469	3746	3991	4228	4448	4718	4959	5234	5507	5779	6038	6289	6540	6791	7042	7293	7543	7794
203	325	621	837	1144	1396	1688	1942	2194	2449	2718	2971	3236	3470	3747	3992	4229	4449	4719	4960	5235	5508	5780	6039	6290	6541	6792	7043	7294	7544	7795
211	326	622	838	1145	1397	1689	1943	2195	2450	2719	2972	3237	3471	3748	3993	4230	4450	4720	4961	5236	5509	5781	6040	6291	6542	6793	7044	7295	7545	7796
219	327	623	839	1146	1398	1690	1944	2196	2451	2720	2973	3238	3472	3749	3994	4231	4451	4721	4962	5237	5510	5782	6041	6292	6543	6794	7045	7296	7546	7797
227	328	624	840	1147	1399	1691	1945	2197	2452	2721	2974	3239	3473	3750	3995	4232	4452	4722	4963	5238	5511	5783	6042	6293	6544	6795	7046	7297	7547	7798
235	329	625	841	1148	1400	1692	1946	2198	2453	2722	2975	3240	3474	3751	3996	4233	4453	4723	4964	5239	5512	5784	6043	6294	6545	6796	7047	7298	7548	7799
243	330	626	842	1149	1401	1693	1947	2199	2454	2723	2976	3241	3475	3752	3997	4234	4454	4724	4965	5240	5513	5785	6044	6295	6546	6797	7048	7299	7549	7800
251	331	627	843	1150	1402	1694	1948	2200	2455	2724	2977	3242	3476	3753	3998	4235	4455	4725	4966	5241	5514	5786	6045	6296	6547	6798	7049	7300	7550	7801
259	332	628	844	1151	1403	1695	1949	2201	2456	2725	2978	3243	3477	3754	3999	4236	4456	4726	4967	5242	5515	5787	6046	6297	6548	6799	7050	7301	7551	7802
267	333	629	845	1152	1404	1696	1950	2202	2457	2726	2979	3244	3478	3755	4000	4237	4457	4727	4968	5243	5516	5788	6047	6298	6549	6800	7051	7302	7552	7803
275	334	630	846	1153	1405	1697	1951	2203	2458	2727	2980	3245	3479	3756	4001	4238	4458	4728	4969	5244	5517	5789	6048	6299	6550	6801	7052	7303	7553	7804
283	335	631	847	1154	1406	1698	1952	2204	2459	2728	2981	3246	3480	3757	4002	4239	4459	4729	4970	5245	5518	5790	6049	6300	6551	6802	7053	7304	7554	7805
291	336	632	848	1155	1407	1699	1953	2205	2460	2729	2982	3247	3481	3758	4003	4240	4460	4730	4971	5246	5519	5791	6050	6301	6552	6803	7054	7305	7555	7806
299	337	633	849	1156	1408	1700	1954	2206	2461	2730	2983	3248	3482	3759	4004	4241	4461	4731	4972	5247	5520	5792	6051	6302	6553	6804	7055	7306	7556	7807
307	338	634	850	1157	1409	1701	1955	2207	2462	2731	2984	3249	3483	3760	4005	4242	4462	4732	4973	5248	5521	5793	6052	6303	6554	6805	7056	7307	7557	7808
315	339	635	851	1158	1410	1702	1956	2208	2463	2732	2985	3250	3484	3761	4006	4243	4463	4733	4974	5249	5522	5794	6053	6304	6555	6806	7057	7308	7558	7809
323	340	636	852	1159	1411	1703	1957	2209	2464	2733	2986	3251	3485	3762	4007	4244	4464	4734	4975	5250	5523	5795	6054	6305	6556	6807	7058	7309	7559	7810
331	341	637	853	1160	1412	1704	1958	2210	2465	2734	2987	3252	3486	3763	4008	4245	4465	4735	4976	5251	5524	5796	6055	6306	6557	6808	7059	7310	7560	7811
339	342	638	854	1161	1413	1705	1959	2211	2466	2735	2988	3253	3487	3764	4009	4246	4466	4736	4977	5252	5525	5797	6056	6307	6558	6809	7060	7311	7561	7812
347	343	639	855	1162	1414	1706	1960	2212	2467	2736	2989	3254	3488	3765	4010	4247	4467	4737	4978	5253	5526	5798	6057	6308	6559	6810	7061	7312	7562	7813
355	344	640	856	1163	1415	1707	1961	2213	2468	2737	2990	3255	348																	

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 27

هكذا من الامم

AMEX COMPOSITE CLOSING PRICES Closing prices August 9

August 5

Stock										Stock										Stock										Stock											
P/E										P/E										P/E										P/E											
100% High										100% High										100% High										100% High											
Low										Low										Low										Low											
Change										Change										Change										Change											
D										D										D										D											
Accor	14	17	26	21	22	22	22	22	22	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Accon	28	12	17	17	17	17	17	17	17	DWGO	132	8	31	17	17	17	17	17	17	17	Accor	14	17	26	21	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
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	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP	AQ	AR	AS	AT	AU	AV	AW	AX	AY	AZ	BA	BB	BC	BD	BE	BF	BG	BH	BI	BJ	BK	BL	BM	BN	BO	BP	BQ	BR	BS	BT	BU	BV	BW	BX	BY	BZ	CA	CB	CC	CD	CE	CF	CG	CH	CI	CJ	CK	CL	CM	CN	CO	CP	CQ	CR	CS	CT	CU	CV	CW	CX	CY	CZ	DA	DB	DC	DD	DE	DF	DG	DH	DI	DJ	DK	DL	DM	DN	DO	DP	DQ	DR	DS	DT	DU	DV	DW	DX	DY	DZ	EA	EB	EC	ED	EE	EF	EG	EH	EI	EJ	EK	EL	EM	EN	EO	EP	EQ	ER	ES	ET	EU	EV	EW	EX	EY	EZ	FA	FB	FC	FD	FE	FF	FG	FH	FI	FJ	FK	FL	FM	FN	FO	FP	FQ	FR	FS	FT	FU	FV	FW	FX	FY	FZ	GA	GB	GC	GD	GE	GF	GG	GH	GI	GJ	GK	GL	GM	GN	GO	GP	GQ	GR	GS	GT	GU	GV	GW	GX	GY	GZ	HA	HB	HC	HD	HE	HF	HG	HH	HI	HJ	HK	HL	HM	HN	HO	HP	HQ	HR	HS	HT	HU	HV	HW	HX	HY	HZ	IA	IB	IC	ID	IE	IF	IG	IH	II	IJ	IK	IL	IM	IN	IO	IP	IQ	IR	IS	IT	IU	IV	IW	IX	IY	IZ	JA	JB	JC	JD	JE	JF	JG	JH	JI	JJ	JK	JL	JM	JN	JO	JP	JQ	JR	JS	JT	JU	JV	JW	JX	JY	JZ	KA	KB	KC	KD	KE	KF	KG	KH	KI	KJ	KK	KL	KM	KN	KO	KP	KQ	KR	KS	KT	KU	KV	KW	KX	KY	KZ	LA	LB	LC	LD	LE	LF	LG	LH	LI	LJ	LK	LL	LM	LN	LO	LP	LQ	LR	LS	LT	LU	LV	LW	LX	LY	LZ	MA	MB	MC	MD	ME	MF	MG	MH	MI	MJ	MK	ML	MM	MN	MO	MP	MQ	MR	MS	MT	MU	MV	MW	MX	MY	MZ	NA	NB	NC	ND	NE	NF	NG	NH	NI	NJ	NK	NL	NM	NN	NO	NP	NQ	NR	NS	NT	NU	NV	NW	NX	NY	NZ	OA	OB	OC	OD	OE	OF	OG	OH	OI	OJ	OK	OL	OM	ON	OO	OP	OQ	OR	OS	OT	OU	OV	OW	OX	OY	OZ	PA	PB	PC	PD	PE	PF	PG	PH	PI	PJ	PK	PL	PM	PN	PO	PP	PQ	PR	PS	PT	PU	PV	PW	PX	PY	PZ	QA	QB	QC	QD	QE	QF	QG	QH	QI	QJ	QK	QL	QM	QN	QO	QP	QQ	QR	QS	QT	QU	QV	QW	QX	QY	QZ	RA	RB	RC	RD	RE	RF	RG	RH	RI	RJ	RK	RL	RM	RN	RO	RP	RQ	RR	RS	RT	RU	RV	RW	RX	RY	RZ	SA	SB	SC	SD	SE	SF	SG	SH	SI	SJ	SK	SL	SM	SN	SO	SP	SQ	SR	SS	ST	SU	SV	SW	SX	SY	SZ	TA	TB	TC	TD	TE	TF	TG	TH	TI	TJ	TK	TL	TM	TN	TO	TP	TQ	TR	TS	TT	TU	<th>TW</th> <th>TX</th> <th>TY</th> <th>TZ</th> <th>UA</th> <th>UB</th> <th>UC</th> <th>UD</th> <th>UE</th> <th>UF</th> <th>UG</th> <th>UH</th> <th>UI</th> <th>UJ</th> <th>UK</th> <th>UL</th> <th>UM</th> <th>UN</th> <th>UO</th> <th>UP</th> <th>UQ</th> <th>UR</th> <th>US</th> <th>UT</th> <th>UU</th> <th>UV</th> <th>UW</th> <th>UX</th> <th>UY</th> <th>UZ</th> <th>VA</th> <th>VB</th> <th>VC</th> <th>VD</th> <th>VE</th> <th>VF</th> <th>VG</th> <th>VH</th> <th>VI</th> <th>VJ</th> <th>VK</th> <th>VL</th> <th>VM</th> <th>VN</th> <th>VO</th> <th>VP</th> <th>VQ</th> <th>VR</th> <th>VS</th> <th>VT</th> <th>VU</th> <th>VV</th> <th>VW</th> <th>VX</th> <th>VY</th> <th>VZ</th> <th>WA</th> <th>WB</th> <th>WC</th> <th>WD</th> <th>WE</th> <th>WF</th> <th>WG</th> <th>WH</th> <th>WI</th> <th>WJ</th> <th>WK</th> <th>WL</th> <th>WM</th> <th>WN</th> <th>WO</th> <th>WP</th> <th>WQ</th> <th>WR</th> <th>WS</th> <th>WT</th> <th>WU</th> <th>WV</th> <th>WW</th> <th>WX</th> <th>WY</th> <th>WZ</th> <th>XA</th> <th>XB</th> <th>XC</th> <th>XD</th> <th>XE</th> <th>XF</th> <th>XG</th> <th>XH</th> <th>XI</th> <th>XJ</th> <th>XK</th> <th>XL</th> <th>XM</th> <th>XN</th> <th>XO</th> <th>XP</th> <th>XQ</th> <th>XR</th> <th>XS</th> <th>XT</th> <th>XU</th> <th>XV</th> <th>XW</th> <th>XX</th> <th>XY</th> <th>XZ</th> <th>YA</th> <th>YB</th> <th>YC</th> <th>YD</th> <th>YE</th> <th>YF</th> <th>YG</th> <th>YH</th> <th>YI</th> <th>YJ</th> <th>YK</th> <th>YL</th> <th>YM</th> <th>YN</th> <th>YO</th> <th>YP</th> <th>YQ</th> <th>YR</th> <th>YS</th> <th>YT</th> <th>YU</th> <th>YV</th> <th>YW</th> <th>YX</th> <th>YY</th> <th>YZ</th> <th>ZA</th> <th>ZB</th> <th>ZC</th>	TW	TX	TY	TZ	UA	UB	UC	UD	UE	UF	UG	UH	UI	UJ	UK	UL	UM	UN	UO	UP	UQ	UR	US	UT	UU	UV	UW	UX	UY	UZ	VA	VB	VC	VD	VE	VF	VG	VH	VI	VJ	VK	VL	VM	VN	VO	VP	VQ	VR	VS	VT	VU	VV	VW	VX	VY	VZ	WA	WB	WC	WD	WE	WF	WG	WH	WI	WJ	WK	WL	WM	WN	WO	WP	WQ	WR	WS	WT	WU	WV	WW	WX	WY	WZ	XA	XB	XC	XD	XE	XF	XG	XH	XI	XJ	XK	XL	XM	XN	XO	XP	XQ	XR	XS	XT	XU	XV	XW	XX	XY	XZ	YA	YB	YC	YD	YE	YF	YG	YH	YI	YJ	YK	YL	YM	YN	YO	YP	YQ	YR	YS	YT	YU	YV	YW	YX	YY	YZ	ZA	ZB	ZC
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[illegible]



Kingdom of Belgium

U.S. \$300,000,000

Undated Floating Rate Notes

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 12th August, 1985 to 13th February, 1986 the undated Notes will carry an interest rate of 8 1/4% per annum.

Interest payable on 13th February, 1986 will amount to U.S. \$11,080.73 per U.S. \$250,000 undated Note.

Morgan Guaranty Trust Company of New York
London
Agent Bank



BANK OF GREECE

US \$250,000,000

Floating Rate Notes due 1997

Holders of Floating Rate Notes of the above issue are hereby notified that for the interest period from 13th August, 1985 to 13th February, 1986 the following information is relevant:

1. Rate of interest: 8 1/4% per annum
2. Interest Amount payable on interest
Payment Date: USS 440.83
per USS 10,000.00 nominal or
USS 11,020.83
per USS 250,000.00 nominal
3. Interest
Payment Date: 13th February, 1986

Agent Bank
Bank of America International Limited

U.S. \$50,000,000

CAISSE CENTRALE DE COOPERATION ECONOMIQUE

Floating rate notes due 1998
Unconditionally guaranteed by the
Republic of France

In accordance with the conditions of the Notes, notice is hereby given that for the six-month period 12th August 1985 to 13th February 1986 (185 days) the notes will carry an interest rate of 8 1/4% p.a. Relevant interest payments will be as follows:

Notes of US\$1,000 US\$44.32 per coupon
CREDIT LYONNAIS (London Branch)
Agent Bank

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

Westpac Banking Corporation

(Incorporated with limited liability in the State of New South Wales, Australia)

A\$ 50,000,000 12 3/4% Subordinated Bonds Due 1990

The following have agreed to subscribe or procure subscribers for the Bonds:

Westpac Banking Corporation

Algemene Bank Nederland N.V.
Banque Bruxelles Lambert S.A.
Banque Paribas Capital Markets
Commerzbank Aktiengesellschaft
Crédit Commercial de France
Deutsche Bank Aktiengesellschaft
Dresdner Bank Aktiengesellschaft
Genossenschaftliche Zentralbank
Aktiengesellschaft
Hambros Bank Limited
Merrill Lynch Capital Markets

Samuel Montagu & Co. Limited

Morgan Guaranty Ltd
Ord Minnett Limited
PK. Christiania Bank (UK) Limited
Salomon Brothers International Limited
Swiss Bank Corporation International Limited
Yamaichi International (Europe) Limited

Bankers Trust International Limited

BankAmerica Capital Markets Group
Banque Nationale de Paris
CIBC Limited
Country Bank Limited
Creditoitaliano-Bankverein
Die Erste österreichische Spar-Casse—Bank
Generale Bank
Girozentrale und Bank der österreichischen
Sparkassen Aktiengesellschaft
Kreditbank International Group
Mitsubishi Trust & Banking Corporation
(Europe) S.A.

Morgan Grenfell & Co. Limited

Morgan Stanley International
Orion Royal Bank Limited
Rabobank Nederland
J. Henry Schroder Wagg & Co. Limited
Westdeutsche Landesbank Girozentrale

The A\$ 50,000,000 12 3/4% per cent. Subordinated Bonds due 1990 ("the Bonds") are to be issued at 100% per cent. of their principal amount in the denomination of A\$1,000 each.

Application has been made to the Council of The Stock Exchange for the Bonds to be admitted to the Official List, subject only to the issue of the temporary Global Bond.

Interest at the rate of 12 3/4% per cent. will be payable annually in arrears in August each year; the first such payment being made in August, 1986.

Listing particulars relating to the Bonds and Westpac Banking Corporation are available in the External Statistical Services and copies may be obtained during normal business hours up to and including 14th August, 1985 from the Company Announcement Office, The Stock Exchange, Throgmorton Street, London EC2 and up to and including 27th August, 1985 from:

Westpac Banking Corporation
Wallbrook House
23 Wallbrook
London EC4

Bankers Trust International Limited
Dashwood House
69 Old Broad Street
London EC2

R. Nivison & Co.
25 Austin Friars
London EC2

12th August, 1985

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

LONDON

THREE-MONTH EURODOLLAR					
Five points of 100%					
	Close	High	Low	Prev	
Sept	91.91	91.92	91.83	91.85	
Dec	91.82	91.82	91.42	91.44	
March	91.10	91.07	91.00	91.04	
June	90.71	90.67	90.62	90.68	
Sept	90.36	90.31	90.24	90.25	